

(Convenience translation into English of the independent auditors' report  
and financial statements originally issued in Turkish)

# **İZMİR DEMİR ÇELİK SANAYİ A.Ş. AND ITS SUBSIDIARIES**

**Financial statements for the period ended –31  
December 2024 and independent auditors'  
report**



KPMG Bağımsız Denetim ve  
Serbest Muhasebeci Mali Müşavirlik A.Ş.  
Adalet Mah. Manas Bulvarı, No:39  
Folkart Towers, B Kule, Kat: 35  
Bayraklı 35530 İzmir  
Tel +90 232 464 2045  
Fax +90 232 464 2145  
www.kpmg.com.tr

**CONVENIENCE TRANSLATION OF THE INDEPENDENT AUDITOR'S  
REPORT ORIGINALLY PREPARED AND ISSUED IN TURKISH TO  
ENGLISH**

To the Shareholders of İzmir Demir Çelik Sanayi Anonim Şirketi

**A) Audit of the Consolidated Financial Statements**

*Opinion*

We have audited the consolidated financial statements of İzmir Demir Çelik Sanayi Anonim Şirketi ("the Company") and its subsidiaries (together will be referred to as "the Group"), which comprise the consolidated statement of financial position as at 31 December 2024, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of material accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Turkish Financial Reporting Standards ("TFRS").

*Basis for Opinion*

We conducted our audit in accordance with Standards on Auditing which is a component of the Turkish Auditing Standards as adopted within the framework of the Capital Markets Board ("CMB") regulations, published by the Public Oversight Accounting and Auditing Standards Authority ("POA") ("Standards on Auditing issued by POA"). Our responsibilities under Standards on Auditing issued by POA are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We declare that we are independent of the Group in accordance with the Code of Ethics for Auditors issued by POA (*including Independence Standards*) ("POA's Code of Ethics") and the ethical principles regarding independent audit of consolidated financial statements in the CMB legislation and other relevant legislation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



### *Key Audit Matters*

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

#### Revenue recognition

Refer to Note 2.7 to the consolidated financial statements for summary of material accounting policies and significant accounting estimates and assumptions for revenue recognition.

<b><u>The key audit matter</u></b>	<b><u>How the matter was addressed in our audit</u></b>
<p>The Group's income consists of the rebar, profile and electrical energy sales that it produces.</p> <p>The Group's revenue is recorded when or as performance obligations regarding product sales are fulfilled.</p> <p>The recognition of revenue in the period when the product is sold is related to the sales contract of the product and depends on the proper evaluation of the control over the terms of the contract, since the sales contracts can have complex structures. Therefore, there is a risk that revenue may not be recognized in the proper period or amount for those may be returned from the delivered products or those whose invoices have not yet been issued to the customer.</p> <p>Due to the nature of the Group's activities and the size of its operations, the revenue recognition was identified as one of the key audit matters, as there may be a risk of improper revenue recognition in the incorrect accounting period and with an incorrect amount.</p>	<p>We have performed the following audit procedures to be responsive to this area:</p> <ul style="list-style-type: none"><li>- Analyzing existing contracts with customers, the compliance of accounting policies with TFRS 15 in terms of sales generated in the current period was evaluated.</li><li>- Inspecting the journal entries posted by the Group regarding the revenue within the reporting period.</li><li>- We have examined, on sample basis, the transfer of the control of goods invoiced to the customers through the sales documents obtained for the selected sales transactions in order to assess whether the revenue recognized in the consolidated financial statements is properly and accurately accounted for in the appropriate financial period.</li><li>- Obtaining confirmation letters for trade receivables, on a sample basis, and performing reconciliations of account balances received in the confirmation letters and financial statements.</li><li>- In addition, assessing the appropriateness and adequacy of the disclosures in the financial statements of the Company with the disclosures required in accordance with TFRSs.</li></ul>



Accounting for Tangible Fixed Assets with Revaluation Method

Refer to Note 2.7 to the consolidated financial statements for summary of material accounting policies and significant accounting estimates and assumptions for revaluation of tangible fixed assets.

<b><u>The key audit matter</u></b>	<b><u>How the matter was addressed in our audit</u></b>
<p>The Group applies the revaluation model included in the TMS 16- "Tangible Fixed Assets" standard as an accounting policy for the accounting of lands and plots, underground and aboveground improvements, buildings, facilities, machinery and equipment included in its financial statements. As a result of the revaluation studies carried out in 2024, the Group has accounted for the tangible fixed asset revaluation decrease of TL 4,148,418,708 in its financial statements.</p> <p>Within the scope of the Group's revaluation model, the values of the relevant tangible fixed assets were determined by independent valuation firms authorized by the Capital Markets Board ("CMB").</p> <p>The accounting for tangible fixed assets using the revaluation method has been determined as one of the key audit issues due to the fact that the revaluation impairment loss in the Group's financial statements dated 31 December 2024 is significant in terms of the financial statements, some of the inputs and calculations used in the valuation studies are complex, and the important estimates and assumptions it contains are sensitive to sectoral and economic changes that may occur in the future.</p>	<p>We have performed the following audit procedures to be responsive to this area:</p> <ul style="list-style-type: none"><li>- The qualifications and competencies of the independent valuation firm's experts who performed the revaluation studies of tangible fixed assets were evaluated.</li><li>- The valuation methods and technical data used in the revaluation study of tangible fixed assets were evaluated with the experts of the valuation institution that performed the study with the participation of our valuation experts.</li><li>- The appropriateness of the significant estimates and inputs used in the valuation models was evaluated with the help of our valuation experts, including comparison with current market peers and historical data.</li><li>- Assessing the sufficiency and appropriateness of the disclosures in the footnotes to the financial statements, including the explanations regarding the basic estimates and assumptions regarding the revaluation of property, plant and equipment, in terms of TFRSs.</li></ul>



### *Other Matter*

The consolidated financial statements of İzmir Demir Çelik Sanayi Anonim Şirketi for the year ended 31 December 2023 were audited by another auditor who expressed an unmodified opinion on those consolidated financial statements on 3 May 2024.

### *Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements*

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with TFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

### *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements*

Responsibilities of auditors in an audit are as follows:

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standards on Auditing issued by POA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Standards on Auditing issued by POA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.



- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## **B) Other Legal and Regulatory Requirements**

- 1) Pursuant to the fourth paragraph of Article 398 of Turkish Commercial Code ("TCC") numbered 6102; the Independent Auditor's Report on System and Committee of Early Identification of Risks is presented to the Board of Directors of the Company on 11 March 2025.
- 2) Pursuant to the fourth paragraph of Article 402 of the TCC; no significant matter has come to our attention that causes us to believe that for the period between 1 January 2024 and 31 December 2024, the Company's bookkeeping activities and consolidated financial statements are not in compliance with TCC and provisions of the Company's articles of association in relation to financial reporting.
- 3) Pursuant to the fourth paragraph of Article 402 of the TCC; the Board of Directors provided us the necessary explanations and required documents in connection with the audit.

KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi

**ORIGINALLY SIGNED IN TURKISH**

Ahmet Hamdi Cura, SMMM  
Engagement Partner  
11 March 2025  
İzmir, Türkiye

## TABLE OF CONTENTS

Consolidated Statement of Financial Position	1
Consolidated Statement of Profit or Loss	2
Consolidated Statement of Other Comprehensive Income	3
Consolidated Statement of Changes in Equity	4
Consolidated Statement of Cash Flow	5

## **Notes to the Consolidated Financial Statements**

1. ORGANIZATION AND NATURE OF BUSINESS .....	6
2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS .....	7
3. SEGMENT REPORTING .....	32
4. RELATED PARTY DISCLOSURES .....	35
5. CASH AND CASH EQUIVALENTS.....	37
6. FINANCIAL INVESTMENTS .....	38
7. TRADE RECEIVABLES AND PAYABLES.....	40
8. OTHER RECEIVABLES AND PAYABLES.....	41
8. INVENTORIES .....	42
9. PREPAID EXPENSES.....	42
10. INVESTMENT PROPERTIES .....	43
11. PROPERTY, PLANT AND EQUIPMENT .....	44
12. RIGHT OF USE ASSETS .....	47
13. INTANGIBLE ASSETS.....	48
14. GOVERNMENT GRANTS AND INCENTIVES .....	49
15. COMMITMENTS .....	49
16. EMPLOYEE BENEFITS .....	52
17. EXPENSES BY NATURE.....	54
19. OTHER ASSETS AND LIABILITIES .....	54
20. CAPITAL, RESERVES AND OTHER EQUITY ITEMS.....	55
21. REVENUE AND COST OF SALES.....	58
22. GENERAL ADMINISTRATIVE EXPENSES, MARKETING EXPENSES, RESEARCH AND DEVELOPMENT EXPENSES .....	58
23. OTHER INCOME AND EXPENSES FROM OPERATING ACTIVITIES .....	59
24. INCOME AND EXPENSES FROM INVESTING ACTIVITIES.....	60
25. FINANCIAL INCOME AND EXPENSES.....	61
26. ANALYSIS OF OTHER COMPREHENSIVE INCOME COMPONENTS.....	61
27. INCOME TAXES (INCLUDED DEFERRED TAX ASSETS AND LIABILITIES).....	62
28. NET MONETARY LOSSES (GAINS).....	67
29. EARNINGS PER SHARE.....	68
30. EFFECTS OF CHANGES IN FOREIGN EXCHANGE RATES.....	68
31. DERIVATIVE INSTRUMENTS .....	68
32. FINANCIAL INSTRUMENTS.....	69
33. NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS .....	71
34. FINANCIAL INSTRUMENTS (FAIR VALUE AND FINANCIAL RISK MANAGEMENT DISCLOSURES) .....	77
35. NON-CONTROLLING INTERESTS.....	78
36. SUBSEQUENT EVENTS .....	79
37. DISCLOSURES RELATED TO STATEMENT OF CASH FLOW .....	79
38. DISCLOSURES RELATED TO STATEMENT OF CHANGES IN EQUITY .....	79

(Convenience translation into English of the independent auditors' report originally issued in Turkish)

**İZMİR DEMİR ÇELİK SANAYİ A.Ş. and ITS SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF 31 DECEMBER 2024**

Amounts are expressed on the basis of 31 December 2024 purchasing power of Turkish Lira, unless otherwise mentioned

ASSETS	Note	<i>Audited</i>	
		Current period 31.12.2024	Prior period 31.12.2023
<b>Current Assets</b>			
Cash and Cash Equivalents	5	3.442.899.664	2.029.095.474
Financial Investments	6	1.439.518.474	421.951.050
Trade Receivables	7	1.854.905.969	1.418.409.497
<i>Trade receivables from related parties</i>	4	9.181.160	4.524.805
<i>Trade receivable from third parties</i>	7	1.845.724.809	1.413.884.692
Other Receivables		72.074.306	85.847.309
<i>Other Receivables from related parties</i>	4	69.601.619	57.042.580
<i>Other receivables from third parties</i>	8	2.472.687	28.804.729
Derivative Instruments	31	3.809.641	-
Inventories	8	7.610.931.643	8.672.104.847
Prepaid Expenses	9	449.342.743	470.417.564
Other Current Assets	19	87.732.117	85.734.358
<b>TOTAL CURRENT ASSETS</b>		<b>14.961.214.557</b>	<b>13.183.560.099</b>
<b>Non-Current Assets</b>			
Financial Investment	6	14.228.119	14.228.119
Other Receivables	8	13.722.627	29.644.950
Investment Properties	10	76.050.000	560.319.574
Property, Plant and Equipment	11	28.092.192.965	32.103.945.317
Right of use assets	12	196.659.742	283.558.518
Intangible Assets	13	2.503.684	2.880.313
Prepaid Expenses	9	201.740.018	1.981.596.616
Deferred Tax Asset	27	179.466.545	120.094.295
<b>TOTAL NON-CURRENT ASSETS</b>		<b>28.776.563.700</b>	<b>35.096.267.702</b>
<b>TOTAL ASSETS</b>		<b>43.737.778.257</b>	<b>48.279.827.801</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Short-term Borrowings	32	18.394.134.797	13.384.210.918
Short-term Portion of Long-term Borrowings	32	908.616.696	1.508.999.054
Trade Payables	7	671.331.562	1.075.516.593
<i>Trade payables to related parties</i>	4	3.418.819	7.371.544
<i>Other payables to third payables</i>	7	667.912.743	1.068.145.049
Employee Benefits Liabilities	16	214.356.762	247.761.380
Other Payables	8	13.216.494	29.042.476
Obligations arising from customer contracts	19	959.248.844	695.074.637
Derivative Instruments	31	3.710.357	3.148.124
Deferred Income	19	10.424.899	10.426.183
Current Income Tax Liability	27	-	92.764.168
Other Current Liabilities	19	100.015.190	7.010.482
<b>TOTAL CURRENT LIABILITIES</b>		<b>21.275.055.601</b>	<b>17.053.954.015</b>
<b>Non-current Liabilities</b>			
Long-term Borrowings	32	2.321.035.213	3.607.066.502
Deferred Income	19	3.474.966	13.898.062
Long-term Provisions		334.076.274	251.804.950
<i>Long term provisions related to employee benefits</i>	16	334.076.274	251.804.950
Deferred Tax Liabilities	27	-	1.131.974.540
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>2.658.586.453</b>	<b>5.004.744.054</b>
<b>EQUITY</b>			
<b>Equity Attributable to Owners of the Company</b>			
Paid-in Capital	20	1.500.000.000	1.500.000.000
Adjustment on Capital	20	12.738.377.078	12.738.377.078
Share premiums	20	1.381.498.106	1.578.309.374
Capital adjustments due to cross-ownership		(295.104.157)	(65.575.592)
Other Accumulated Comprehensive Income/ Expense not to be Reclassified under Profit or Loss		2.077.073.437	5.255.086.735
<i>Gain/ loss on revaluation and re-measurement</i>	20	2.077.073.437	5.255.086.735
Legal Reserves	20	444.053.762	444.053.762
Retained Earnings/(Losses)	20	(421.265.246)	(869.251.502)
Net Profit/(Loss) for the Period		(2.141.778.111)	1.578.299.303
<b>Non-controlling Interests</b>	20	<b>4.521.281.334</b>	<b>4.061.830.574</b>
<b>TOTAL EQUITY</b>		<b>19.804.136.203</b>	<b>26.221.129.732</b>
<b>TOTAL LIABILITIES</b>		<b>43.737.778.257</b>	<b>48.279.827.801</b>

The accompanying notes are an integral part of these consolidated financial statements.

(Convenience translation into English of the independent auditors' report originally issued in Turkish)

**İZMİR DEMİR ÇELİK SANAYİ A.Ş. and ITS SUBSIDIARIES**  
**CONSOLIDATED PROFIT OR LOSS STATEMENT**  
**FOR THE PERIOD ENDED 1 JANUARY 2024 - 31 DECEMBER 2024**

Amounts are expressed on the basis of 31 December 2024 purchasing power of Turkish Lira, unless otherwise mentioned

	Note	<i>Audited</i>	
		<b>Current Period</b> <b>01.01 - 31.12.2024</b>	<b>Prior Period</b> <b>01.01 - 31.12.2023</b>
<b>PROFIT OR LOSS</b>			
Revenue	21	46.544.053.674	50.692.145.385
Cost of Sales (-)	21	(48.951.123.739)	(49.162.096.144)
<b>GROSS PROFIT / (LOSS)</b>		<b>(2.407.070.065)</b>	<b>1.530.049.241</b>
General Administrative Expenses (-)	22	(526.329.271)	(473.950.226)
Marketing Expenses (-)	22	(166.215.724)	(199.352.411)
Other Income from Operating Activities	23	331.408.736	303.716.030
Other Expenses from Operating Activities (-)	23	(38.456.437)	(141.493.751)
<b>OPERATING PROFIT / (LOSS)</b>		<b>(2.806.662.761)</b>	<b>1.018.968.883</b>
Income from Investing Activities	24	365.080.748	689.244.172
Expenses from Investing Activities (-)	24	(309.858.520)	(198.063.676)
<b>OPERATING PROFIT (LOSS) BEFORE FINANCE EXPENSE</b>		<b>(2.751.440.533)</b>	<b>1.510.149.379</b>
Finance Income	25	895.368.901	598.879.142
Finance Expenses (-)	25	(5.226.109.505)	(9.719.397.135)
Net monetary position profits	28	4.311.278.040	8.400.071.598
<b>CONTINUING OPERATING PROFIT/(LOSS) BEFORE TAX</b>		<b>(2.770.903.097)</b>	<b>789.702.984</b>
<b>Continuing Operating Tax Income/(Expense)</b>		<b>122.287.965</b>	<b>1.061.553.233</b>
Current Tax (Expense)	27	(9.990.095)	(121.886.818)
Deferred Tax (Expense)/Income	27	132.278.060	1.183.440.051
<b>CONTINUING OPERATING PROFIT (LOSS) FOR THE PERIOD</b>		<b>(2.648.615.132)</b>	<b>1.851.256.217</b>
DISCONTINUED OPERATING PROFIT (LOSS) FOR THE PERIOD		216.508.391	183.121.960
<b>PROFIT/(LOSS) FOR THE PERIOD</b>		<b>(2.432.106.741)</b>	<b>2.034.378.177</b>
<b>Profit/(Loss) Attributable to</b>			
Non-controlling Interests	20	(290.328.630)	456.078.874
Owners of the Company		(2.141.778.111)	1.578.299.303
Continued operations profit/(loss) per share	29	(1,5722)	0,9301
Discontinued operations profit/(loss) per share	29	0,1443	0,1221

The accompanying notes are an integral part of these consolidated financial statements..

(Convenience translation into English of the independent auditors' report originally issued in Turkish)

**İZMİR DEMİR ÇELİK SANAYİ A.Ş. and ITS SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME**  
**FOR THE PERIOD ENDED 1 JANUARY 2024 – 31 DECEMBER 2024**

Amounts are expressed on the basis of 31 December 2024 purchasing power of Turkish Lira, unless otherwise mentioned

		<i>Audited</i>	<i>Audited</i>
	Note	Current Period 01.01 - 31.12.2024	Prior Period 01.01 - 31.12.2023
<b>NET PROFIT (LOSS) FOR THE PERIOD</b>		<b>(2.432.106.741)</b>	<b>2.034.378.177</b>
<b>OTHER COMPREHENSIVE INCOME/(EXPENSE)</b>			
<b>Items not to be reclassified through profit or loss</b>		<b>(3.177.206.193)</b>	<b>5.779.686.013</b>
Fixed assets revaluation increase	12	(4.148.418.708)	7.728.078.046
Losses on revaluation of employee benefits	17	(87.856.215)	(30.906.816)
Taxes Relating to Other Comprehensive Income/ Expenses not to be Reclassified to Profit or Loss	27	1.059.068.730	(1.917.485.217)
<b>OTHER COMPREHENSIVE INCOME/(EXPENSE)</b>		<b>(3.177.206.193)</b>	<b>5.779.686.013</b>
<b>TOTAL COMPREHENSIVE INCOME/(EXPENSE)</b>		<b>(5.609.312.934)</b>	<b>7.814.064.190</b>
<b>Total comprehensive income attributable to</b>			
Non-controlling Interests		(587.042.190)	526.342.985
Owners of the Company		(5.022.270.744)	7.287.721.205

The accompanying notes are an integral part of these consolidated financial statements.

(Convenience translation into English of the independent auditors' report originally issued in Turkish)

**İZMİR DEMİR ÇELİK SANAYİ A.Ş. and ITS SUBSIDIARIES**

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 1 JANUARY 2024 - 31 DECEMBER 2024**

Amounts are expressed on the basis of 31 December 2024 purchasing power of Turkish Lira, unless otherwise mentioned

	Paid-in Capital	Adjustment on Capital	Share premiums	Capital adjustments due to cross-ownership	Revaluation surplus	Gain/ (Loss) on benefit plans Re-measurement	Legal Reserves	Retained Earnings / (Losses)	Net Profit / (Loss) for the Period	Equity Attributable to Owners of the Company	Non-controlling Interests	Total Equity
<b>PRIOR PERIOD</b>												
<b>Balance at 1 January 2023</b>												
<b>(Beginning of the period)</b>	<b>1.500.000.000</b>	<b>12.738.377.078</b>	<b>14.544.517</b>	-	-	<b>(139.533.921)</b>	<b>444.053.762</b>	<b>(7.345.725.678)</b>	<b>6.412.256.922</b>	<b>13.623.972.680</b>	<b>468.527.233</b>	<b>14.092.499.913</b>
Transfers	-	-	-	-	-	-	-	6.412.256.922	(6.412.256.922)	-	-	-
Dividends	-	-	-	-	-	-	-	31.599	-	31.599	(31.637)	(38)
Other comprehensive income/loss	-	-	-	-	5.725.502.989	(16.081.085)	-	-	-	5.709.421.904	70.264.109	5.779.686.013
Net profit/(loss) for the period	-	-	-	-	-	-	-	-	1.578.299.303	1.578.299.303	456.078.874	2.034.378.177
Increase (Decrease) Due to Share Buyback Transactions (Not 21)	-	-	-	(65.575.592)	-	-	-	-	-	(65.575.592)	(26.127.327)	(91.702.919)
Increase/Decrease Due to Changes in Share Ratio in Subsidiaries That Do Not Result in Loss of Control	-	-	1.563.764.857	-	(319.271.381)	4.470.133	-	64.185.655	-	1.313.149.264	3.093.119.322	4.406.268.586
<b>Balance at 31 December 2023</b>	<b>1.500.000.000</b>	<b>12.738.377.078</b>	<b>1.578.309.374</b>	<b>(65.575.592)</b>	<b>5.406.231.608</b>	<b>(151.144.873)</b>	<b>444.053.762</b>	<b>(869.251.502)</b>	<b>1.578.299.303</b>	<b>22.159.299.158</b>	<b>4.061.830.574</b>	<b>26.221.129.732</b>
<b>(End of the period)</b>	<b>1.500.000.000</b>	<b>12.738.377.078</b>	<b>1.578.309.374</b>	<b>(65.575.592)</b>	<b>5.406.231.608</b>	<b>(151.144.873)</b>	<b>444.053.762</b>	<b>(869.251.502)</b>	<b>1.578.299.303</b>	<b>22.159.299.158</b>	<b>4.061.830.574</b>	<b>26.221.129.732</b>
<b>CURRENT PERIOD</b>												
<b>Balance at 1 January 2024</b>												
<b>(Beginning of the period)</b>	<b>1.500.000.000</b>	<b>12.738.377.078</b>	<b>1.578.309.374</b>	<b>(65.575.592)</b>	<b>5.406.231.608</b>	<b>(151.144.873)</b>	<b>444.053.762</b>	<b>(869.251.502)</b>	<b>1.578.299.303</b>	<b>22.159.299.158</b>	<b>4.061.830.574</b>	<b>26.221.129.732</b>
Transfers	-	-	-	-	(276.365.206)	-	-	1.854.664.509	(1.578.299.303)	-	-	-
Dividends	-	-	-	-	-	-	-	18.644	-	18.644	(18.667)	(23)
Other comprehensive income/loss	-	-	-	-	(2.816.966.633)	(63.526.000)	-	-	-	(2.880.492.633)	(296.713.560)	(3.177.206.193)
Net profit/(loss) for the period	-	-	-	-	-	-	-	-	(2.141.778.111)	(2.141.778.111)	(290.328.630)	(2.432.106.741)
Increase (Decrease) Due to Share Buyback Transactions	-	-	-	(272.017.077)	-	-	-	-	-	(272.017.077)	(108.379.945)	(380.397.022)
Increase/Decrease Due to Changes in Share Ratio in Subsidiaries That Do Not Result in Loss of Control	-	-	(196.811.268)	42.488.512	(23.625.388)	2.469.929	-	(1.406.696.897)	-	(1.582.175.112)	1.154.905.913	(427.269.199)
Other	-	-	-	-	-	-	-	-	-	-	(14.351)	(14.351)
<b>Balance at 31 December 2024</b>	<b>1.500.000.000</b>	<b>12.738.377.078</b>	<b>1.381.498.106</b>	<b>(295.104.157)</b>	<b>2.289.274.381</b>	<b>(212.200.944)</b>	<b>444.053.762</b>	<b>(421.265.246)</b>	<b>(2.141.778.111)</b>	<b>15.282.854.869</b>	<b>4.521.281.334</b>	<b>19.804.136.203</b>
<b>(End of the period)</b>	<b>1.500.000.000</b>	<b>12.738.377.078</b>	<b>1.381.498.106</b>	<b>(295.104.157)</b>	<b>2.289.274.381</b>	<b>(212.200.944)</b>	<b>444.053.762</b>	<b>(421.265.246)</b>	<b>(2.141.778.111)</b>	<b>15.282.854.869</b>	<b>4.521.281.334</b>	<b>19.804.136.203</b>

The accompanying notes are an integral part of these consolidated financial statements.

(Convenience translation into English of the independent auditors' report originally issued in Turkish)

**İZMİR DEMİR ÇELİK SANAYİ A.Ş. and ITS SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF CASH FLOW**  
**FOR THE PERIOD ENDED 31 DECEMBER 2024**

Amounts are expressed on the basis of 31 December 2024 purchasing power of Turkish Lira, unless otherwise mentioned

	Notes	<i>Audited</i>	
		<b>Current Period</b>	<b>Prior Period</b>
		<b>01.01 - 31.12.2024</b>	<b>01.01 - 31.12.2023</b>
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>		<b>(1.866.932.689)</b>	<b>(84.417.281)</b>
Net profit/(loss) for the period		(2.432.106.741)	2.034.378.177
<b>Adjustments for net profit/loss for the period reconciliation</b>		<b>238.758.277</b>	<b>(2.194.878.502)</b>
Adjustments for depreciation and amortization		1.783.832.487	1.027.840.666
Adjustments for impairment (cancellation)		548.721.312	(72.162.332)
- Adjustments for impairment loss(cancellation)on receivables		8.512.208	16.745.337
- Adjustments for impairment (loss(cancellation)on inventory		241.001.031	(157.238.173)
- Adjustments for impairment (loss(cancellation)on fixed assets		299.208.073	68.330.504
Adjustments related with provisions		128.509.771	111.354.261
Adjustments for interest income and expenses		1.199.228.458	1.097.383.067
Adjustments to (gain)/loss on fair value		(16.067.632)	(211.895.443)
- Adjustments to (gain)/loss on fair value of investment properties		(2.849.963)	(77.638.222)
- Adjustments to (gain)/loss on fair value of financial instruments		(13.217.669)	(101.574.440)
Adjustments regarding fair value gains of financial assets			(32.682.781)
Adjustments for tax expense/(income)		(122.287.965)	(1.061.553.233)
Adjustments for unrealized foreign currency translation differences		1.560.517.715	3.017.502.887
Adjustments for (gain)/loss on disposal of tangible assets		(369.888.375)	1.039.464
Other corrections regarding profit and loss reconciliation	26	145.853.290	325.151.786
Adjustments for monetary position losses (gains)		(4.619.660.784)	(6.429.539.625)
<b>Changes in working capital</b>		<b>475.519.331</b>	<b>337.628.770</b>
Adjustments for (increase)/decrease in trade receivables		(426.873.561)	821.497.561
Adjustments for (increase)/decrease in other receivables related to operations		42.293.311	(11.132.161)
Adjustments for (increase)/decrease in inventories		915.845.869	44.613.892
Adjustments for increase/(decrease) in trade payables		(434.182.413)	7.770.715
Adjustments for increase/(decrease) in other payables related to operations		(15.825.982)	42.021.441
Adjustments for increase/(decrease) in working capital		(392.815.836)	394.262.107
<b>Net cash provided from operating activities</b>		<b>(1.717.829.133)</b>	<b>177.128.445</b>
Payment for the employee benefits provisions	17	(59.419.509)	(114.965.805)
Taxes paid		(89.684.047)	(146.579.921)
<b>B. CASH FLOW USED IN INVESTING ACTIVITIES</b>		<b>(1.463.596.156)</b>	<b>(8.070.230.070)</b>
Proceeds from sales of property, plant and equipment and intangible assets		908.247.831	3.581.652
Purchase of property, plant and equipment and intangible assets	12,14	(1.346.315.056)	(4.851.783.692)
Proceeds from sales of investment property		671.193.206	-
Cash advances given		(720.179.787)	(3.265.469.879)
Interest received		64.842.924	392.141.270
Cash outflows from participation dividends and other financial instruments		(1.311.001.274)	(389.268.268)
Cash inflows from participation dividends and other financial instruments		269.616.000	40.568.847
<b>C. NET CASH USED FOR FINANCING ACTIVITIES</b>		<b>5.695.764.564</b>	<b>8.181.618.290</b>
Cash inflows resulting from changes in partnership interests that do not result in loss of control in subsidiaries		(427.269.202)	4.406.268.586
Cash inflows from borrowings		22.043.253.537	24.779.108.202
Repayments of borrowings		(14.401.813.391)	(19.517.124.534)
Increase/(decrease) in due to related parties		14.229.295	(34.887.660)
Payments of lease liabilities		(54.608.159)	(56.273.438)
Cash receipts from futures contracts, forward contracts, and swap contracts		13.402.574	117.859.780
Cash payments for futures contracts, forward contracts and swap contracts		(3.912.660)	(35.648.344)
Interest paid		(1.663.484.250)	(1.201.182.780)
Interest received		701.674.403	145.152.507
Dividend paid		(22)	(38)
Other cash outflows		(145.310.539)	(329.951.072)
Cash outflows resulting from the sale of the company's own shares and other equity instruments		(380.397.022)	(91.702.919)
<b>D.INFLATION EFFECT ON CASH AND CASH EQUIVALENTS</b>		<b>(953.430.532)</b>	<b>(1.560.344.670)</b>
<b>E.THE EFFECT OF FOREIGN CURRENCY CONVERSION DIFFERENCES ON CASH AND CASH EQUIVALENTS</b>		<b>1.999.003</b>	<b>6.909.203</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)</b>		<b>2.365.235.719</b>	<b>26.970.939</b>
<b>F.CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	5	<b>2.029.095.474</b>	<b>3.555.560.002</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (A+B+C+D+E+F)</b>	5	<b>3.442.899.664</b>	<b>2.029.095.474</b>

The accompanying notes are an integral part of these consolidated financial statements

**İZMİR DEMİR ÇELİK SANAYİ A.Ş. and ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 DECEMBER 2024**

Amounts are expressed on the basis of 31 December 2024 purchasing power of Turkish Lira, unless otherwise mentioned

**1. ORGANIZATION AND NATURE OF BUSINESS**

İzmir Demir Çelik Sanayi A.Ş. (“the Company”) was established in 1975 to produce long steel products. Bar rolling mill and steel melt shop was commissioned in 1983 and 1987 respectively. The profile rolling mill was commissioned in 2013, and the second steel mill facility was commissioned in 2024. It continues its production in an area of over 550 thousand m<sup>2</sup> in the Izmir Aliağa heavy industry zone.

The Company and its subsidiaries are engaged in production, sales, marketing of iron and steel, port services, ship operations and production, and trading of energy. The registered address of İzmir Demir Çelik Sanayi A.Ş. is Şair Eşref Bulvarı No: 23, 35210 Konak İzmir.

The main partner that ultimately controls the group is Şahin Şirketler Grubu Holding Anonim Şirketi. The number of employees in the group is 2,224. (31 December 2023: 1,993)

Subsidiaries included in the accompanying consolidated financial statements are as follows:

<b>Company Name</b>	<b>Operating Area</b>	<b>31 December 2024 Shareholding rate</b>	<b>31 December 2023 Shareholding rate</b>
Akdemir Çelik Sanayi ve Tic. A.Ş.	Iron-steel production	%99,98	%99,98
İDÇ Liman İşletmeleri A.Ş.	Harbour operating	%99,98	%99,98
İzdemir Enerji Elektrik Üretim A.Ş.	Energy production	%54,32	%71,51

**Akdemir Çelik Sanayi ve Ticaret A.Ş.**

Akdemir Çelik Sanayi ve Ticaret A.Ş. was established in 1993. It carries out production on a total area of 46 thousand m<sup>2</sup>, 18 thousand 500 m<sup>2</sup> of which is closed area, in İzmir Aliağa heavy industry zone. The company has a rolling mill with an annual capacity of 350 thousand tons.

**İDÇ Liman İşletmeleri A.Ş.**

The company started its port operations in 1983 and took the name of İDÇ Port Operations Inc. in 2004. The port service type is dry bulk cargo and general cargo. It can carry out 7.5 million tons of loading and unloading annually with its modern machinery park. It has storage areas in 43 thousand 215 square meters of closed and open warehouses.

**İzdemir Enerji Elektrik Üretim A.Ş.**

İzdemir Enerji Elektrik Üretim A.Ş. was established in 2007 to operate in the energy market. The construction of the 350 MW supercritical thermal power plant investment, which began in 2011 in İzmir Aliağa, was completed and put into operation in 2014. The installed capacity of the power plant was increased to 370 MW in 2021. The power plant, which was established with the latest technology in accordance with the technical and environmental standards valid in Turkey and internationally, provides up to 2,664,000,000 kWh of electrical energy annually to the national transmission grid in an environmentally friendly, continuous, reliable and high-quality manner. In addition, within the scope of its ongoing investments in the field of renewable energy resources, the company commissioned a 75.1 MWe GES (solar energy power plant) in Salihli District of Manisa province in 2024.

**İZMİR DEMİR ÇELİK SANAYİ A.Ş. and ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 DECEMBER 2024**

Amounts are expressed on the basis of 31 December 2024 purchasing power of Turkish Lira, unless otherwise mentioned

**Shareholding structure:**

	<b>Share Amount (TL)</b>	<b>Share (%)</b>
Şahin – Koç Çelik Sanayi A.Ş.	871.889.341	58,13
Other	628.110.659	41,87
<b>Total</b>	<b>1.500.000.000</b>	<b>100</b>

The Company's shares are traded at Borsa İstanbul ("BIST") under the name "IZMDC".  
The Company and its subsidiaries are hereby referred to as "the Group" in this report.

**2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS**

**2.1 Basis of Presentation**

**Declaration of compliance with Turkish Financial Reporting Standards ("TFRS")**

The accompanying consolidated financial statements are prepared in accordance with Turkish Financial Reporting Standards ("TFRS") published by Public Oversight Accounting and Auditing Standards Authority ("POA") which was adopted by Capital Markets Board of Turkey ("CMB") as set out in the Communiqué numbered II-14.1 "Communiqué on Principles of Financial Reporting in Capital Markets" published in the Official Gazette numbered 28676 on 13 June 2013.

TFRSs consist of standards and interpretations which are published as Turkish Accounting Standards ("TAS"), Turkish Financial Reporting Standards, interpretations of TAS and interpretations of TFRS.

The consolidated financial statements are presented in accordance with "Announcement regarding with TFRS Taxonomy" which was published on 15 April 2019 by POA and templates defined in the Illustrative Financial Statements and User Guide published CMB based on the financial statement and disclosure formats of CMB.

Consolidated financial statements are prepared in accordance with the historical cost principle, except for derivative financial instruments and investment properties which are carried at fair value, land, underground and aboveground improvements, buildings and machinery/equipment and short-term financial investments within the tangible fixed assets measured in accordance with the TAS 16 revaluation model.

**Functional Currency and Reporting Currency**

The functional currency of the Company and its subsidiaries is Turkish Lira ("TL"). The Group's consolidated financial statements are presented in TL. All financial information is presented in the nearest whole TL unless otherwise stated. Monetary assets and liabilities in foreign currencies are converted into TL at the exchange rates valid on the balance sheet date.

**Approval of the financial statements**

The consolidated financial statements are approved by the Company's Board of Directors on 11 March 2025. The General Assembly of the Company has the right to amend and relevant regulatory bodies have the right to request the amendment of these consolidated financial statements.

**İZMİR DEMİR ÇELİK SANAYİ A.Ş. and ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 DECEMBER 2024**

Amounts are expressed on the basis of 31 December 2024 purchasing power of Turkish Lira, unless otherwise mentioned

**Consolidation Principles**

**Subsidiaries**

Consolidated financial statements include the financial statements of the subsidiaries presented in Note 1, over which the group has control over the financial and operating policies.

Control is provided by the company over the invested entity only if all of the following indicators are present;

- a) it has power over the invested entity,
- b) it is exposed to or has rights to variable returns due to its relationship with the invested entity,
- c) it has the opportunity to use its power over the invested entity to affect the amount of returns it will receive.

The period profits/losses of the subsidiaries are included in the consolidated profit or loss statement as of the date the control power is established.

In cases where the accounting policies of the subsidiaries differ from the accounting policies used by the group, the necessary adjustments have been made. Consolidated financial statements have been prepared using common accounting policies for similar transactions and events and with the same accounting system as the company.

**Elimination Procedures in Consolidation**

During the preparation of consolidated financial statements, intra-group transactions, intra-group balances and unrealized income and expenses arising from intra-group transactions are mutually eliminated. Profits and losses arising from transactions between the subsidiary and the parent company and its consolidated subsidiaries and jointly controlled partnerships are netted in proportion to the parent company's share in the subsidiary. Unrealized losses are eliminated in the same way as unrealized gains unless there is evidence of impairment.

**Netting/Offsetting**

Financial assets and liabilities are shown at their net values in the statement of financial position if there is a legal right to set them off, if net payment or collection is possible, or if the acquisition of the asset and the fulfillment of the liability can occur simultaneously.

**Adjustment of financial statements during periods of hyperinflation**

With the "Announcement on the implementation of TAS 29 Financial Reporting in Hyperinflationary Economies" made on 23 November 2023, POA announced that the financial statements of the companies applying TFRSs for annual reporting period ending on 31 December 2023 or all reporting periods after 31 December 2023 should be presented by adjusting in accordance with the relevant principles of the TAS 29.

TAS 29 is applied to the financial statements, including the consolidated financial statements, of enterprises whose functional currency is the currency of a hyperinflationary economy.

All comparative amounts of the consolidated financial statements in question and previous periods were adjusted according to the changes in the general purchasing power of the Turkish Lira in accordance with TAS 29 and finally expressed in terms of the purchasing power of the Turkish Lira on 31 December 2024.

**İZMİR DEMİR ÇELİK SANAYİ A.Ş. and ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 DECEMBER 2024**

Amounts are expressed on the basis of 31 December 2024 purchasing power of Turkish Lira, unless otherwise mentioned

In the application of TMS 29, the correction coefficients obtained according to the Consumer Price Indexes (CPI) published by the Turkish Statistical Institute were used in accordance with the guidance of the POA. The correction coefficients corresponding to the CPI for the current and previous periods since January 1, 2005, when the definition of the Turkish lira as the currency of a high inflation economy was terminated, are as follows:

Year end	Index	% Index	Correction efficient
2004	113,86	13,86	18,79
2005	122,65	7,72	17,44
2006	134,49	9,65	15,91
2007	145,77	8,39	14,68
2008	160,44	10,06	13,34
2009	170,91	6,53	12,52
2010	181,85	6,40	11,77
2011	200,85	10,45	10,65
2012	213,23	6,16	10,03
2013	229,01	7,40	9,34
2014	247,72	8,17	8,64
2015	269,54	8,81	7,94
2016	292,54	8,53	7,31
2017	327,41	11,92	6,53
2018	393,88	20,30	5,43
2019	440,50	11,84	4,86
2020	504,81	14,60	4,24
2021	686,95	36,08	3,11
2022	1128,45	64,27	1,90
2023	1859,38	64,77	1,15
2024	2684,55	44,38	1,00

In order to make the necessary adjustments in the consolidated financial statements in accordance with TAS 29, assets and liabilities were first separated as monetary and non-monetary, and non-monetary assets and liabilities were subject to an additional separation as those measured at current value and those measured at cost. Monetary items (except those linked to an index) and non-monetary items measured at current values at the end of the reporting period were not subject to inflation adjustment since they are currently expressed in the current measurement unit as of 31 December 2024. Non-monetary items not expressed in the measurement unit as of 31 December 2024 were subject to inflation adjustment using the relevant coefficient. In cases where the inflation-adjusted value of non-monetary items exceeds the recoverable amount or net realizable value, the carrying value is reduced by applying the relevant TFRS. In addition, all items in the statement of equity and profit or loss and other comprehensive income have been subject to inflation adjustment. Non-monetary items acquired or assumed before 1 January 2005, when the Turkish Lira ceased to be defined as the currency of a hyperinflationary economy, and equity capital established or put into operation before this date have been subject to adjustment according to the change in the CPI from 1 January 2005 to 31 December 2024.

The application of TAS 29 necessitated adjustments arising from the decrease in the purchasing power of the Turkish lira and presented in the “Net Monetary Position Gains (Losses)” item in the profit or loss section of the statement of profit or loss and other comprehensive income. As long as the value of monetary assets or liabilities does not depend on changes in the index, during inflationary periods, the purchasing power of enterprises with a higher amount of monetary assets than monetary liabilities decreases, while the purchasing power of enterprises with a higher amount of monetary liabilities than monetary assets increases. Net monetary position gains or losses are obtained from the adjustment differences of non-monetary items, equity, items in the statement of profit or loss and other comprehensive income and monetary assets and liabilities related to the index.

**İZMİR DEMİR ÇELİK SANAYİ A.Ş. and ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 DECEMBER 2024**

Amounts are expressed on the basis of 31 December 2024 purchasing power of Turkish Lira, unless otherwise mentioned

## **2.2 Changes in Significant Accounting Policies**

An entity may change its accounting policies only if:

- It is required by a standard or interpretation; or
- It is of a nature that will enable the financial statements to present the effects of transactions and events on the entity's financial position, performance or cash flows in a more appropriate and reliable manner.

Users of financial statements should be able to compare the entity's financial statements over time in order to identify trends in the entity's financial position, performance and cash flows. Therefore, the same accounting policies should be applied in each accounting period unless a change in accounting policy meets one of the conditions specified in the preceding paragraph.

## **2.3 TFRS Amendments and Interpretations**

### **Standards and interpretations that are issued but not effective as at 31 December 2024**

Standards, amendments, and interpretations that are issued but not effective as of 31 December 2024:

#### **Lack of Exchangeability – Amendments to TAS 21 The Effects of Changes in Foreign Exchange Rates**

In August 2023, IASB amended IAS 21 to clarify:

- when a currency is exchangeable into another currency; and
- how a company estimates a spot rate when a currency lacks exchangeability.

Related amendments were published by Public Oversight Accounting and Auditing Standards Authority (“POA”) on 5 June 2024.

A currency is exchangeable into another currency when a company is able to exchange that currency for the other currency at the measurement date and for a specified purpose. When a currency is not exchangeable, a company needs to estimate a spot rate.

A company’s objective when estimating a spot rate is only that it reflects the rate at which an orderly exchange transaction would take place at the measurement date between market participants under prevailing economic conditions. The amendments contain no specific requirements for estimating a spot rate. Therefore, when estimating a spot rate a company can use:

- an observable exchange rate without adjustment; or
- another estimation technique.

Under the amendments, companies will need to provide new disclosures to help users assess the impact of using an estimated exchange rate on the financial statements. These disclosures might include:

- the nature and financial impacts of the currency not being exchangeable;
- the spot exchange rate used;
- the estimation process; and
- risks to the company because the currency is not exchangeable.

**İZMİR DEMİR ÇELİK SANAYİ A.Ş. and ITS SUBSIDIARIES  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2024**

Amounts are expressed on the basis of 31 December 2024 purchasing power of Turkish Lira, unless otherwise mentioned

The amendments apply for annual reporting periods beginning on or after 1 January 2025. Earlier application is permitted.

The Group is assessing the potential impact on its consolidated financial statements resulting from the application of the Amendments to TAS 21.

**The new standards, amendments and interpretations that are issued by the International Accounting Standards Board (IASB) but not issued by Public Oversight Accounting and Auditing Standards Authority (“POA”)**

**IFRS 18 - Presentation and Disclosure in Financial Statements**

On 9 April 2024, IASB has issued IFRS 18 Presentation and Disclosure in Financial Statements that will replace IAS 1 Presentation of Financial Statements. It carries forward many requirements from IAS 1 unchanged.

The objective of IFRS 18 is to set out requirements for the presentation and disclosure of information in general purpose financial statements (financial statements) to help ensure they provide relevant information that faithfully represents an entity’s assets, liabilities, equity, income and expenses.

IFRS 18 introduces three defined categories for income and expenses—operating, investing and financing—to improve the structure of the income statement, and requires all companies to provide new defined subtotals, including operating profit.

IFRS 18 is effective for annual reporting periods beginning on or after 1 January 2027 and applies retrospectively. Early adoption is permitted.

The Group is assessing the potential impact on its consolidated financial statements resulting from the application of IFRS 18.

**Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures**

**Classification of financial assets with contingent feature**

The amendments introduce an additional SPPI (solely payment of principal and interest) test for financial assets with contingent features that are not related directly to a change in basic lending risks or costs – e.g. where the cash flows change depending on whether the borrower meets an ESG (environmental, social, and governance) target specified in the loan contract. This contingent financial asset's classification will be determined by the SPPI test. The SPPI test determines whether the asset should be accounted for at amortized cost or fair value.

Under the amendments, certain financial assets including those with ESG-linked features could now meet the SPPI criterion, provided that their cash flows are not significantly different from an identical financial asset without such a feature. Judgement will be required in determining whether the new test is met.

The amendments also include additional disclosures for all financial assets and financial liabilities that have certain contingent features that are:

- not related directly to a change in basic lending risks or costs; and
- are not measured at fair value through profit or loss.

**İZMİR DEMİR ÇELİK SANAYİ A.Ş. and ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 DECEMBER 2024**

Amounts are expressed on the basis of 31 December 2024 purchasing power of Turkish Lira, unless otherwise mentioned

**Settlement by electronic payments**

A company that settles its trade payable by using an electronic payment system generally derecognises its trade payable on settlement date. The amendments provide an exception for the derecognition of such financial liabilities. The exception allows the company to derecognise its trade payable before the settlement date when it uses an electronic payment system that meets all of the following criteria:

- no practical ability to withdraw, stop or cancel the payment instruction;
- no practical ability to access the cash to be used for settlement as a result of the payment instruction; and
- the settlement risk associated with the electronic payment system is insignificant.

**Other amendments**

*Contractually linked instruments (CLIs) and non-recourse features*

The amendments clarify the key characteristics of CLIs and how they differ from financial assets with non-recourse features. The amendments also include factors that a company needs to consider when assessing the cash flows underlying a financial asset with non-recourse features (the ‘look through’ test).

*Disclosures on investments in equity instruments*

The amendments require additional disclosures for investments in equity instruments that are measured at fair value with gains or losses presented in other comprehensive income (FVOCI).

The amendments apply for annual reporting periods beginning on or after 1 January 2026. Companies can choose to early-adopt these amendments (including the associated disclosure requirements), separately from the amendments for the recognition and derecognition of financial assets and financial liabilities.

The Group is assessing the potential impact on its consolidated financial statements resulting from the application of the Amendments to IFRS 9 and IFRS 7.

**IFRS 19 Subsidiaries without Public Accountability: Disclosures**

Subsidiaries of companies using IFRS Accounting Standards can substantially reduce their disclosures and focus more on users’ needs following the release of IFRS 19.

A subsidiary may choose to apply the new standard in its consolidated, separate or individual financial statements provided that, at the reporting date:

- it does not have public accountability;
- its parent produces consolidated financial statements under IFRS Accounting Standards.

A subsidiary applying IFRS 19 is required to clearly state in its explicit and unreserved statement of compliance with IFRS Accounting Standards that IFRS 19 has been adopted.

The amendments apply for annual reporting periods beginning on or after 1 January 2027. Earlier application is permitted.

The Group is assessing the potential impact on its consolidated financial statements resulting from the application of IFRS 19.

**İZMİR DEMİR ÇELİK SANAYİ A.Ş. and ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 DECEMBER 2024**

Amounts are expressed on the basis of 31 December 2024 purchasing power of Turkish Lira, unless otherwise mentioned

**Annual Improvements to IFRS Accounting Standards- Volume 11 – Amendments to:**

The annual improvements process aims to improve the clarity and internal consistency of IFRS Accounting Standards. In July 2024, the IASB issued “Annual Improvements to IFRS Accounting Standards—Volume 11” to make minor amendments to 5 standards.

Transaction Price (Amendments to IFRS 9: Financial Instruments) The term "transaction price" used in IFRS 9, with a meaning that is not necessarily consistent with the definition in IFRS 15, has been updated to "the amount determined by applying IFRS 15" for consistency.

Lessee derecognition of lease liabilities (Amendments to IFRS 9: Financial Instruments): If a lease liability is derecognised, then the derecognition is accounted for under IFRS 9. However, when a lease liability is modified, the modification is accounted for under IFRS 16 Leases. The IASB’s amendment states that when lease liabilities are derecognised under IFRS 9, the difference between the carrying amount and the consideration paid is recognised in profit or loss.

The amendment on derecognition of lease liabilities applies only to lease liabilities extinguished on or after the beginning of the annual reporting period in which the amendment is first applied.

The amendments apply for annual reporting periods beginning on or after 1 January 2026. Earlier application is permitted.

Hedge Accounting by a First-time Adopter (Amedments to IFRS 1 First-time Adoption of International Financial Reporting Standards)

IFRS 1 is amended:

- to improve their consistency with the requirements in IFRS 9 for hedge accounting; and
- to improve the understandability.

A cross-reference to IFRS 9 in IFRS 1 “Exception to the retrospective application of other IFRSs” is added.

Gain or Loss on Derecognition (Amedments to IFRS 7 Financial Instruments: Disclosures): With this amendment, a statement is added clarifying that the guidance in IFRS 7 does not illustrate all the requirements regarding the accounting for gains and losses arising from derecognition. Additionally, the phrase “inputs that were not based on observable market data” is adjusted to “unobservable inputs” to align with IFRS 13 terminology

Disclosure of Deferred Difference between Fair Value and Transaction Price (Amedments to IFRS 7 Financial Instruments: Disclosures): The statement that was not amended after the publication of IFRS 13 in May 2011 is clarified and simplified with this change, explaining that the transaction price at initial recognition may differ from the fair value. Fair value is not supported by a quoted price in an active market for an identical asset or liability (Level 1 input) nor by a valuation technique relying solely on observable market data. (In these circumstances, the difference will be recognised in profit or loss in subsequent periods in accordance with IFRS 9.)

Credit Risk Disclosures(Amedments to IFRS 7 Financial Instruments: Disclosures): The IG1 paragraph has been revised to provide clarity, explaining that not all requirements in the referenced paragraphs of IFRS 7 are necessarily illustrated.

Determination of a ‘De Facto Agent’ (Amendments to IFRS 10 Consolidated Financial Statements)

When determining an investor whether another party is acting on its behalf, IFRS 10 is amended to use conclusive language when the parties that direct the activities of the investor have the ability to direct that party to act on the investor’s behalf, judgement is required to determine whether a party is acting as a de facto agent.

**İZMİR DEMİR ÇELİK SANAYİ A.Ş. and ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 DECEMBER 2024**

Amounts are expressed on the basis of 31 December 2024 purchasing power of Turkish Lira, unless otherwise mentioned

Cost Method (Amendments to IAS 7): Following the removal of the term "cost method" in previous amendments, the statement in IAS 7 is adjusted from "cost method" to "accounted at cost".

**Contracts Referencing Nature-dependent Electricity – Amendments to IFRS 9 and IFRS 7**

In December 2024, The International Accounting Standards Board (IASB) has now amended IFRS 9 to address challenges in applying IFRS 9 to contracts referencing nature-dependent electricity – sometimes referred to as renewable power purchase agreements ("PPAs"). The amendments include guidance on:

- the 'own-use' exemption for purchasers of electricity under such PPAs; and
- hedge accounting requirements for companies that hedge their purchases or sales of electricity using PPAs.
- new disclosure requirements for certain PPAs to IFRS 7 Financial Instruments: Disclosures and IFRS 19 Subsidiaries without Public Accountability: Disclosures.

The amendments apply for reporting periods beginning on or after 1 January 2026. Early application is permitted.

*Own-use Exemption for PPAs*

If the own-use exemption does not apply under IFRS 9 when purchasing electricity through PPAs, PPAs are treated as derivatives, measured at FVTPL, potentially causing significant volatility in the income statement over time, especially as PPAs are often long-term agreements.

To apply the own-use exemption to a PPA, IFRS 9 currently requires companies to assess whether the contract is for receipt of electricity in line with the company's expected purchase or usage requirements – e.g. the company expects to consume the purchased electricity. Due to electricity's unique characteristics, its inability to be stored and the requirement to sell unused electricity back to the market within a short period and these sales occur due to market conditions rather than short-term price speculation, a clarification of application of own-use exemption under existing requirements was needed. The amendments allow companies to apply the own-use exemption to PPAs if they have been, and expect to continue being, net purchasers of electricity during the contract period.

These amendments apply retrospectively based on the facts and circumstances at the start of the reporting period of initial application, without requiring restatement of prior periods.

*Hedge accounting requirements for PPAs*

Since virtual PPAs (contracts for differences) and PPAs that do not meet the own-use exemption are accounted for as derivatives and measured at FVTPL, the hedge accounting requirements in IFRS 9 have been amended to allow applying hedge accounting for PPAs, to reduce profit or loss volatility:

- It permits companies to designate a variable nominal volume of forecasted sales or purchases of renewable electricity as the hedged transaction, rather than a fixed volume.
- It allows the measurement the hedged item using the same volume assumptions as those used for the hedging instrument.

The amendments apply prospectively to new hedging relationships designated on or after the date of initial application. They also allow companies to discontinue an existing hedging relationship, if the same hedging instrument (i.e. the nature-dependent electricity contract) is designated in a new hedging relationship applying the amendments.

**İZMİR DEMİR ÇELİK SANAYİ A.Ş. and ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 DECEMBER 2024**

Amounts are expressed on the basis of 31 December 2024 purchasing power of Turkish Lira, unless otherwise mentioned

**Amendments are effective on 1 January 2024**

Changes that have become effective and have been adopted for annual periods beginning on or after 1 January 2024:

1. Classification of Liabilities as Current or Non-current (Amendments to TAS 1) for SMEs Accounting Standard – International Tax Reform – Pillar Two Model Rules
2. Lease Liability in a Sale and Leaseback – Amendments to TFRS 16 Leases
3. Amendments to TAS 7 Statement of Cash Flows and TFRS 7 Financial Instruments: Disclosures – Supplier Finance Arrangements
4. TSRS 1 General Requirements for Disclosure of Sustainability-related Financial Information and TSRS 2 Climate-related Disclosures
5. International Tax Reform – Pillar Two Model Rules- Amendments to IAS 12: The IASB has amended IAS 12 to introduce a temporary mandatory relief from accounting for deferred tax that arises from legislation implementing the Global Anti-Base Erosion Model Rules (“the GloBE model rules”). Under the relief, companies are effectively exempt from providing for and disclosing deferred tax related to top-up tax. However, they need to disclose that they have applied the relief.

The relief is effective immediately and applies retrospectively in accordance with IAS 8. It will apply until the IASB decides either to remove it or to make it permanent.

This amendment is published by POA by amending TAS 12.

These newly adopted amendments to standards have not been a significant impact on the consolidated financial statements of the Group.

The Group is subject to mandatory assurance for the Sustainability Report as of 31 December 2024 in accordance with the provisions of the Turkish Sustainability Reporting Standards (“TSRS”) 1 General Provisions on Disclosure of Sustainability-Related Financial Information (“TSRS 1”), TSRS 2 Climate-Related Disclosures (“TSRS 2”) and the Board Decision on the “TSRS Scope of Application” published by the POA.

**2.4 Comparative information and correction and classification of previous period financial statements**

The accompanying consolidated financial statements are prepared in comparison with the previous period in order to determine the consolidated financial position, consolidated performance and trends in consolidated cash flow of the Group. When the presentation or classification of consolidated financial statement items changes, the previous period financial statements are also re-arranged accordingly in order to ensure comparability of the consolidated financial statements and explanations are made regarding these issues.

The Group has prepared the consolidated statement of financial position as of 31 December 2024 in comparison with the consolidated statement of financial position as of 31 December 2023 and the consolidated statement of profit or loss, consolidated statement of other comprehensive income, consolidated cash flow and consolidated statement of changes in equity for the period ended 31 December 2024, with the consolidated statement of profit or loss, consolidated statement of other comprehensive income, consolidated cash flow and consolidated statement of changes in equity for the period ended 31 December 2023.

**İZMİR DEMİR ÇELİK SANAYİ A.Ş. and ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 DECEMBER 2024**

Amounts are expressed on the basis of 31 December 2024 purchasing power of Turkish Lira, unless otherwise mentioned

**2.5 Going concern**

The Group recorded a net period loss of TL 2,432,106,741 in the accounting period ending on 31 December 2024, and in the consolidated financial position statement prepared as of the same date, it is seen that the Group's short-term liabilities exceed its current assets by TL 6,313,841,044.

The exchange rates, which have increased above expectations in recent years, continued to increase in 2024. The Company meets its main raw material purchases in US Dollars; due to the related purchases and financing resources being provided predominantly in foreign currency, high financing expenses have occurred due to the net foreign exchange position deficit.

Obligations to financial institutions are being fulfilled on time; considering the available cash and non-cash credit limits with financial institutions as of the reporting date, there was no need for restructuring for the said credit repayments.

On the other hand, the group achieved a net sales revenue of TL 46.5 billion and a negative EBITDA of TL 1 billion in 2024. The group has commissioned a new steel production facility investment that will double its steel production capacity. In addition to the group's current product portfolio, the group will have more opportunities to sell billets in the coming years. The group management expects to achieve stronger financial results in line with the projections for 2025 and the following years. In this context, considering the cash flows to be generated from operating activities in line with the turnover estimates in question, as well as the factors explained above, it is assessed that the short-term liabilities exceeding the current assets have the capacity to be repaid at the payment terms.

The Group management assessed that there was no significant uncertainty regarding the company's ability to continue as a going concern and prepared the consolidated financial statements dated 31 December 2024 in accordance with the going concern principle.

**2.6 Changes and errors in accounting estimates**

Preparation of the attached consolidated financial statements in accordance with IFRS requires that the management make some estimates regarding the values of certain assets and liabilities included in the consolidated financial statements, explanations regarding possible liabilities, and reported income and expense amounts. Actual amounts may differ from the estimates. These estimates are reviewed at regular intervals and reported in the consolidated profit or loss statement as of the periods they are known.

**2.7 Summary of Significant Accounting Policies in the Preparation of Consolidated Financial Statements**

The important valuation principles and accounting policies followed in the preparation of consolidated financial statements are summarized below.

**Revenue recognition**

In accordance with TFRS 15, a five-step approach is followed in recognizing revenue for all contracts with customers.

*Step 1: Definition of contract*

A contract is evaluated within the scope of TFRS 15 only when it is legally enforceable, collectible, rights and payment terms related to goods and services can be defined, the contract has commercial substance, the contract is approved by the parties and the parties commit to fulfill their obligations, and all conditions are met.

**İZMİR DEMİR ÇELİK SANAYİ A.Ş. and ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 DECEMBER 2024**

Amounts are expressed on the basis of 31 December 2024 purchasing power of Turkish Lira, unless otherwise mentioned

When contracts are negotiated as a single commercial package or when there is a single obligation under the contracts in a contract that is dependent on goods or services (or part of goods or services) with another contract, the Group evaluates the contracts as a single contract.

*Step 2: Identify performance obligations*

The Group defines a “performance obligation” as a unit of account for revenue recognition. The Group evaluates the goods or services it promises in a contract with a customer and identifies each promise to the customer to transfer one of the following as a performance obligation:

- (a) A distinct good or service (or a bundle of goods or services); or
- (b) A distinct series of goods or services that are substantially similar and are transferred to the customer in the same manner.

The Group defines a good or service in a contract as a distinct good or service if it can identify it separately from other promises in the contract and if it enables the customer to benefit from that good or service either alone or in combination with other readily available resources. A contract may contain a promise to provide a series of distinct goods or services that are substantially the same. At contract inception, an entity determines whether a series of goods or services constitutes a single performance obligation.

*Step 3: Determining the transaction price*

To determine the transaction price, the Group assesses the amount it expects to receive after fulfilling its obligation under the contract. In making the assessment, it considers the variable amount elements of the contract and whether it contains a significant financing component.

Significant financing component

If a contract contains a significant financing component; the Group adjusts the promised amount according to the effect of the time value of money to estimate the transaction price in the contract. If the timing of payments agreed by the parties to the contract (explicitly or implicitly) provides a significant benefit to the customer or the group in the form of financing the transfer of goods or services to the customer, then the contract has a significant financing component. The Group does not have a sales transaction with a significant financing component.

*Step 4: Allocating transaction price to performance obligations*

When different goods or services are delivered under a single contract, the contract price is allocated based on the relative stand-alone selling prices of the separate goods or services (different performance obligations). If no directly observable stand-alone selling prices are available, the total price across contracts is allocated based on the expected cost plus profit margin.

*Step 5: Revenue recognition*

The Group recognizes revenue over time when any of the following conditions are met:

- The customer simultaneously enjoys and consumes the benefits provided by the entity;
- The control of the asset created or developed is transferred to the customer at the same time as the entity creates or develops it; or

**İZMİR DEMİR ÇELİK SANAYİ A.Ş. and ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 DECEMBER 2024**

Amounts are expressed on the basis of 31 December 2024 purchasing power of Turkish Lira, unless otherwise mentioned

- The obligation fulfilled by the Group does not create an asset that has an alternative use for the company itself and the Group has a legally enforceable right to collect payment for the obligation completed to date.

For each performance obligation fulfilled over time, the Group selects a single measure of progress that represents the transfer of control of the goods or services to the customer. The Group uses a method that reliably measures the work performed. The Group uses costs incurred to measure progress towards completion of the project using the input method and units transferred to measure progress towards completion of the project using the output method.

If a performance obligation is not fulfilled over time, then the Group recognizes revenue when it transfers control of the goods or service to the customer.

Revenue is recorded in accordance with the delivery methods agreed with the customer when control of the products is transferred to the customer.

In cases where the cost that must be incurred by the Group to fulfill the obligations under the contract exceeds the economic benefit expected to be obtained under the contract, a provision is made in accordance with the TAS 37 “Provisions, Contingent Liabilities and Contingent Assets” standard.

Contract changes

If the Group commits to provide an additional good or service, the contract change is considered as a separate contract. In the event of termination of an existing contract and creation of a new contract, if the goods or services provided are different, the relevant changes are accounted for. If the change made to the contract does not create a separate good or service, the entity accounts for the additional goods or services by combining them with the initial contract as if they were part of the initial contract.

The details of the significant accounting policies and revenue recognition methods related to the Group's various goods and services are set out below.

Revenues are recorded on an accrual basis based on the fair value of the consideration received or receivable upon delivery, reliable determination of the amount of revenue and the probable flow of economic benefits related to the transaction to the Group.

Net sales are presented by deducting the sales amount of goods, discounts, commissions and sales related taxes from the sales of goods. If the Group makes sales on credit and does not receive interest during the term or applies an interest rate below the market interest rate and thus the transaction involves an effective financing transaction, the fair value of the consideration for the sale is found by reducing it to the present value of the receivables. The difference between the nominal value of the receivables and the fair value found in this way is reflected in the relevant periods as the maturity difference income according to the “Effective interest (internal return) rate method”.

The Group records the revenue in its consolidated financial statements when it fulfills or performs its performance obligation by transferring a promised good or service to its customer. When the control of an asset is transferred (or is transferred) to the customer, the asset is transferred.

The Group records revenue in its financial statements in accordance with the following basic principles:

- Defining contracts with customers
- Defining performance obligations in contracts
- Determining the transaction price in contracts
- Allocating the transaction price to performance obligations
- Recognizing revenue

**İZMİR DEMİR ÇELİK SANAYİ A.Ş. and ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 DECEMBER 2024**

Amounts are expressed on the basis of 31 December 2024 purchasing power of Turkish Lira, unless otherwise mentioned

The Group records revenue from the following primary sources in its financial statements

*Iron and steel sales:*

Revenue from iron and steel sales is recognized at fair value on an accrual basis when all of the following conditions are met.

- The Group transfers all significant risks and rewards related to ownership to the buyer,
- The Group does not have an ongoing administrative participation associated with ownership and effective control over the goods sold,
- The amount of income is measured reliably,
- The economic benefits associated with the transaction are likely to flow to the enterprise,
- The costs arising or to arise from the transaction are measured reliably.

*Service sales:*

Service sales includes ship transportation and port management activities. In cases where the result of a transaction related to service provision can be estimated reliably, the revenue related to the transaction is reflected in the financial statements in the period in which the service is provided, taking into account the level of completion of the transaction as of the financial position statement date.

Revenue from the sales of services is recognized at fair value on an accrual basis when all of the following conditions are met:

- The amount of revenue can be measured reliably;
- It is probable that the economic benefits related to the transaction will be obtained by the enterprise;
- The level of completion of the transaction as of the statement of financial position date can be measured reliably;
- The costs incurred for the transaction and the costs required to complete the transaction can be measured reliably.

*Electricity sales*

Revenues are recorded on the accrual basis, in the event of electricity delivery, on the basis of the share of the invoiced amount falling on the relevant period. Net sales represent the amount of invoiced electricity delivery after deducting sales commissions and sales taxes. Revenue from electricity sales is recognized when all of the following conditions are met:

- The amount of electricity promised by the Group to the customer is delivered to the customer,
- The amount of revenue is measured reliably,
- It is probable that the economic benefits associated with the transaction will flow to the entity, and
- The costs arising or to arise from the transaction are measured reliably.

**Financing Income and Expenses**

Financing income consists of the group's deposit interest income, rediscount income not associated with its main activities, derivative transaction income/expenses, exchange rate difference income and letter of credit premium income. Financing expenses consist of bank expenses, interest expenses on loans, letter of credit interest expenses, bank commission expenses, exchange rate difference expenses and rediscount expenses not associated with its main activities.

**İZMİR DEMİR ÇELİK SANAYİ A.Ş. and ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 DECEMBER 2024**

Amounts are expressed on the basis of 31 December 2024 purchasing power of Turkish Lira, unless otherwise mentioned

*Dividend and interest income:*

Interest income is accrued in the relevant period at the effective interest rate that reduces the estimated cash inflows to be obtained from the relevant financial asset during its expected life with the remaining principal balance to the recorded value of the asset in question. Dividend income obtained from stock investments is recorded when the shareholders have the right to receive dividends.

**Inventories**

The value of inventories is based on the lower of net realizable value or cost. The cost of inventory includes all purchase costs, conversion costs and other costs incurred to bring the stocks to their current condition and location. For finished goods, the cost also includes general production expenses at a reasonable rate determined based on normal capacity. Net realizable value is the amount obtained by deducting the total of the estimated completion cost and the estimated sales cost that must be incurred to make the sale from the estimated sales price in the normal course of business. Inventories are valued according to the monthly moving weighted average cost method. If there are any maturity differences included in the prices in the purchases of goods, they are deducted from the cost of the goods sold and from the inventories.

The inventory value reduction amounts that reduce stocks to their net realizable value and losses related to stocks are recognized as expenses in the period in which the reduction and losses occur. The net realizable value is reviewed again as of each financial statement period.

The allocation of fixed production overheads to conversion costs is based on the assumption that production activities will be at normal capacity. Normal capacity is the average production amount expected to be achieved in one or more periods or seasons under normal conditions, taking into account the decrease in capacity that may arise from planned maintenance and repair work. If the actual production level is close to normal capacity, this capacity can be accepted as normal capacity. In the case of idle capacity, fixed production overheads are associated with the expenses of the non-working part.

**Property, plant and equipment**

In fair value calculations, the most effective and efficient use assessment was made and the current usage purposes were determined as the most effective and efficient use, and the comparable comparison method was used for lands; the cost approach method was used for buildings, underground and aboveground arrangements, and machinery and equipment.

In the comparable comparison method, existing market information was used, similar real estates that have recently been put on the market in the region were taken into account, price adjustments were made within the framework of criteria that could affect the market value, and the average m2 sales value was determined for the lands subject to the report. The comparables found were compared within the criteria such as location, size, zoning status, physical characteristics, real estate marketing companies were consulted for the current evaluation of the real estate market, and the existing information of the independent professional valuation company was also used.

Buildings and land improvements were evaluated by considering the technical features of the buildings, the materials used in the buildings, the construction costs of buildings constructed with the same features in the market and the costs calculated based on our past experiences. The depreciation share in the buildings was estimated by considering the visible physical condition of the building based on the experience of the appraiser. The peer comparison method explained above was also used in calculating the land value from the components considered in the cost approach method.

**İZMİR DEMİR ÇELİK SANAYİ A.Ş. and ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 DECEMBER 2024**

Amounts are expressed on the basis of 31 December 2024 purchasing power of Turkish Lira, unless otherwise mentioned

For machines, in the cost approach, the accessible (replacement method) cost values of the machines were taken into account or the first purchase values were moved to the current date and the replacement values were accepted. The value losses (depreciations) due to physical wear and tear, functional and economic obsolescence were estimated based on these values and the remaining value was evaluated as the market value. In the valuation, all machines, equipment and fixtures and all additional installations and lines were evaluated by taking into account their on-site examination, location, technical features, type, model, production capacity, power, energy consumption, cost value, invoice value, economic life and depreciation share, and purpose of use; and current economic market conditions were taken into account.

The valuation method did not change in comparative years and there was no transition between levels in terms of periods.

Lands, underground/surface structures, buildings and machinery and equipment categories included in tangible fixed assets are presented with the revaluation model. Other asset items are shown at their remaining value after deducting accumulated depreciation and any impairment losses from their adjusted acquisition costs expressed in terms of the purchasing power of TL on 31 December 2024.

The Group has had its tangible fixed assets within the scope of the revaluation model updated by CMB licensed real estate valuation companies as of December 31, 2024. In this context, lands and plots, buildings, underground and aboveground improvements, machinery, facilities and devices have been reflected in the consolidated financial statements from the fair values determined in the valuation studies conducted by CMB licensed independent valuation companies.

Taxable temporary differences originating from tangible fixed asset valuations are recognized as a deferred tax liability of 25% (Previous period: 25%) under the assumption that the group management will not benefit from the immovable sales exemption related to corporate tax within the scope of TAS 12.

The valuation expert has determined the land and plot values by the peer comparison method, the value of buildings by the peer comparison method and the reconstruction (cost) assumption net of depreciation, and the value of underground and aboveground facilities and machinery, facilities and equipment by the reconstruction (cost) assumption net of depreciation.

The frequency of revaluations depends on indicators that there is a significant change in the tangible fixed asset items subject to revaluation. If the book value of an asset has increased as a result of revaluation, this increase is recognized in other comprehensive income and is recognized directly in the equity account group under the name of revaluation value increase. However, a revaluation value increase is recognized in the profit or loss statement to the extent that it reverses the revaluation value decrease previously associated with profit or loss for the same asset. The value increase amounts between the net book values of the relevant assets, adjusted in TL purchasing power terms at the reporting date, and the revaluation amounts are presented in the cost prices lines related to tangible fixed assets.

If the carrying amount of an asset is reduced as a result of revaluation, this reduction is recognised as an expense. However, this reduction is recognised in other comprehensive income to the extent of any receivable balance in the revaluation surplus related to this asset. Such reduction recognised in other comprehensive income reduces the amount accumulated in equity under the title of revaluation surplus.

In the event of disposal of a revalued fixed asset, the portion of the revaluation fund relating to the asset sold is directly transferred to the retained earnings. On the other hand, a portion of the increase in value is also transferred to the retained earnings/loss as the asset is used by the enterprise.

Depreciation is calculated by applying the straight-line depreciation method on tangible fixed assets that have been revalued or expressed with the purchasing power in the reporting period. If significant, their

**İZMİR DEMİR ÇELİK SANAYİ A.Ş. and ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 DECEMBER 2024**

Amounts are expressed on the basis of 31 December 2024 purchasing power of Turkish Lira, unless otherwise mentioned

residual values are also taken into account. Lands are not subject to depreciation as they are assumed to have an infinite life. Repair and maintenance expenses are transferred to the relevant expense account on the date the expense is incurred. The residual values, useful lives and depreciation methods of tangible fixed assets are reviewed at the end of each fiscal year and, if necessary, corrected prospectively.

The useful lives specified below have been established by taking into account the estimated useful life of the relevant assets.

Buildings	10- 50 years
Underground and aboveground facilities	5-25 years
Plant machinery and equipment	5- 30 years
Vehicles	3- 20 years
Fixtures	3- 17 years
Leasehold improvements	2-5 years

**Intangible Assets**

Intangible assets are reflected in the financial statements with the net value after deducting the accumulated depreciation and permanent impairment loss, if any, over the adjusted acquisition costs expressed in the purchasing power of TL on 31 December 2024.

Intangible asset amortization shares are recognized in the profit or loss statement using the straight-line amortization method over the estimated useful lives of the relevant assets after the date of acquisition. The useful lives below are created by taking into account the estimated useful life of the relevant assets.

Rights 3- 5 years

**Impairment of assets**

***Financial assets***

The Group records loss allowances for expected credit losses on financial assets measured at amortized cost. Loss allowances for trade receivables, other receivables, and other assets are always measured at an amount equal to lifetime expected credit losses.

In determining whether the credit risk on a financial asset has increased significantly since its initial recognition in the financial statements and in estimating expected credit losses, reasonable and supportable information that can be obtained without undue cost or effort is taken into account. These include qualitative and numerical information and analyses based on the Group's past experience and conscious credit assessments, and forward-looking information. The Group recognizes that there is a significant increase in the credit risk of financial assets that are 180 days past due. The Group considers financial assets to be in default if:

- The borrower is unlikely to fully meet its credit obligations to the Group before the Group takes action such as cashing out collateral (if collateral exists), or the financial asset is more than 365 days past due.

The Group considers bank balances to have low credit risk if their risk ratings are equal to “investment grade” as defined internationally. Lifetime expected credit losses are the result of possible default events over the expected life of a financial instrument.

**İZMİR DEMİR ÇELİK SANAYİ A.Ş. and ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 DECEMBER 2024**

Amounts are expressed on the basis of 31 December 2024 purchasing power of Turkish Lira, unless otherwise mentioned

12-month expected credit losses are the portion representing expected credit losses arising from possible default events within 12 months after the reporting date. The maximum period over which expected credit losses are measured is the maximum contractual period over which the Group is exposed to credit risk.

*Measurement of expected credit losses*

Expected credit losses are a probability-weighted measure of credit losses. Credit losses are measured as the present value of all cash shortfalls. The Group uses the simplified approach for calculating expected credit losses defined in TFRS 9 for trade receivables (TFRS 9 requires lifetime expected credit losses to be used for all trade receivables). Expected credit losses are calculated based on past years' credit loss experience. Each group is further divided into sections based on similar credit risk characteristics, such as default on debt.

Past incurred credit loss experience is adjusted to reflect the difference between the economic conditions at the time the historical information was collected and the economic conditions that the Group expects to occur over the expected life of the receivables. When estimating the future collection performance of receivables, general economic conditions are taken into account in the calculation of expected credit losses and forward-looking information is included.

*Non-financial assets*

The carrying amounts of the Group's non-financial assets, excluding deferred tax assets, inventories, short-term financial investments, land and plots, underground and aboveground improvements, buildings, plant, machinery and equipment and investment properties, are reviewed at each reporting date for any indication of impairment. If such an indication exists, the recoverable amount of the asset is estimated.

The recoverable amount of an asset or cash-generating unit is the higher of its value in use or the value obtained by deducting the sales costs from the fair value. The value in use is calculated by discounting the expected future cash flows of the asset in question with the time value of money in current market conditions and the pre-tax internal rate of return that reflects the risks of the asset in question. The fair value is found by deducting the disposal costs from the amount that should be obtained as a result of the sale of an asset or cash-generating unit in a mutual bargaining environment between knowledgeable and willing groups. If the recorded value of the asset or any cash-generating unit of that asset is higher than the amount that can be recovered through use or sale, an impairment has occurred and the impairment is recorded. For assets monitored by the revaluation method, impairments are recognized in profit or loss to the extent that there is not enough amount in other comprehensive income.

For the purpose of the impairment test, assets are divided into the smallest units that generate cash inflows due to continuous use, independent of other assets and asset groups. Goodwill arising in a business combination is allocated to cash-generating units that are expected to benefit from the synergy of the combination for the impairment test. The impairment arising from cash-generating units and recognized is first deducted from the book values of the goodwill allocated to the units, then from the book values of other assets in the units on a pro rata basis. Impairment losses are recognized in the consolidated statement of profit or loss.

Impairments recognized in previous periods in other assets are re-evaluated in each reporting period if the impairment decreases or if there are indications that the impairment is not valid. Impairment is cancelled if there is a change in the estimates used in determining the recoverable amount.

**İZMİR DEMİR ÇELİK SANAYİ A.Ş. and ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 DECEMBER 2024**

Amounts are expressed on the basis of 31 December 2024 purchasing power of Turkish Lira, unless otherwise mentioned

The increase in the registered value of the asset due to the cancellation of the impairment loss is accounted for in a way that does not exceed the registered value (net amount remaining after amortization) determined if no impairment loss had been recognized in the financial statements in previous years. The impairment of goodwill is irreversible.

**Government Incentives and Aids**

All government incentives, including non-monetary government incentives monitored with their fair values, are reflected in the financial statements when there is a reasonable assurance that the necessary conditions for obtaining them will be met by the enterprise and that the incentive can be obtained by the enterprise. Waivable debts obtained from the government are accepted as government incentives when there is a reasonable assurance that the waiver conditions will be met by the enterprise.

The Group has employment and disabled incentive income arising from the Labor Law No. 4857 and the Social Security and General Health Insurance Law No. 5510. Incentive income is not a collected incentive, but consists of the amount covered by the treasury from the accrued insurance premiums. The incentive income in question is netted under the cost of sales, within labor expenses.

**Investment Properties**

Investment properties are properties held for the purpose of earning rental and/or capital gain. Investment properties are shown in the consolidated financial statements based on their fair values determined in the valuation studies. The valuation study was conducted by an independent valuation company licensed by the CMB. The increase in value determined as a result of the valuation is associated with the consolidated profit or loss statement.

If a property used by its owner is converted into an investment property to be shown according to the fair value principle, the entity applies TAS 16 until the date of the change in use. The entity treats the difference between the book value of the property calculated in accordance with TAS 16 and its fair value on this date as a revaluation made in accordance with TAS 16.

Investment properties are excluded from the statement of financial position if they are sold or become unusable and if it is determined that no future economic benefit will be obtained from their sale. The profit/loss arising from the completion of the useful life of the investment property or its sale is included in the consolidated profit or loss statement in the period in which it is incurred. The profit or loss arising from the change in the fair value of the investment property is included in the profit or loss in the period in which it is incurred.

**Borrowing Costs**

In the case of assets that require a significant amount of time to be ready for use and sale, the borrowing costs directly associated with the purchase, construction or production of the relevant asset are included in the cost of the asset until the relevant asset is ready for use or sale. The financial investment income obtained by temporarily evaluating the unspent portion of the loan related to the investment in financial investments is offset against the borrowing costs suitable for capitalization.

**İZMİR DEMİR ÇELİK SANAYİ A.Ş. and ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 DECEMBER 2024**

Amounts are expressed on the basis of 31 December 2024 purchasing power of Turkish Lira, unless otherwise mentioned

**Financial Instruments**

**Classification**

The Group recognizes its financial assets in 2 classes as "accounted for at amortized cost" and "financial assets at fair value through profit or loss". Classification is made based on the business model used by the company for the management of financial assets and the characteristics of the contractual cash flows of the financial asset. The Group classifies its financial assets on the date they are purchased. Except for the cases where the business model used by the Group in the management of financial assets changes, financial assets are not reclassified after their initial recognition; in the event of a change in the business model, financial assets are reclassified on the first day of the following reporting period following the change.

**Recognition and measurement**

"Financial assets measured at amortized cost" are non-derivative financial assets that are held within the scope of a business model aimed at collecting contractual cash flows and that have cash flows that include only principal and interest payments arising from the principal balance on certain dates under the terms of the contract. The Group's financial assets recognized at amortized cost include "cash and cash equivalents", "trade receivables" and "other receivables". The relevant assets are measured at their fair values in the initial recognition in the financial statements; and at their discounted values using the effective interest rate method in subsequent recognitions. Gains and losses arising from the valuation of non-derivative financial assets measured at amortized cost are recognized in the consolidated statement of profit or loss.

"Financial assets measured at fair value through profit or loss" consist of financial assets other than financial assets measured at amortized cost and whose fair value difference is reflected in other comprehensive income. Gains and losses arising from the valuation of these assets are recognized in the consolidated statement of profit or loss.

**Financial assets measured at fair value through profit or loss**

Financial assets measured at fair value through profit or loss consist of derivative instruments. These assets are subsequently measured at fair value. Net gains and losses, including interest income from currency-protected deposits, are recognized in profit or loss.

**Financial assets measured at amortized cost**

Financial assets measured at amortized cost consist of cash and cash equivalents, trade receivables, other receivables and other assets. Subsequent recognition of these assets is made at amortized cost using the effective interest method. Amortized costs include impairment losses. Interest income, foreign currency translation gains and losses and impairment losses are recognized in profit or loss. Gains or losses arising on derecognition are recognized in profit or loss.

**İZMİR DEMİR ÇELİK SANAYİ A.Ş. and ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 DECEMBER 2024**

Amounts are expressed on the basis of 31 December 2024 purchasing power of Turkish Lira, unless otherwise mentioned

**Derecognition**

The Group derecognizes the financial asset when its rights to the cash flows arising under the contract related to the financial asset expire or when it transfers the relevant rights and ownership of all risks and rewards related to the financial asset through a purchase and sale transaction. Any rights created or retained in the financial assets transferred by the Group are recognized as a separate asset or liability.

**Impairment**

The impairment of financial assets and contract assets is calculated using the "expected credit loss" (ECL) model. The impairment model is applied to amortized cost financial assets and contract assets. Loss provisions are measured on the following basis;

- 12-month ECLs: ECLs arising from probable default events within 12 months after the reporting date.
- Lifetime ECLs: ECLs arising from all probable default events during the expected life of a financial instrument. The lifetime ECL measurement is applied if the credit risk associated with a financial asset has increased significantly since the initial recognition date at the reporting date. In all other cases where there has been no increase, the 12-month ECL calculation has been applied.

A financial instrument is all contracts that give rise to both a financial asset of an entity and a financial liability or equity instrument of another entity.

The Group may determine that the credit risk of a financial asset has not increased significantly if the credit risk of the financial asset has a low credit risk at the reporting date. However, the lifetime ECL measurement (simplified approach) is always applicable to trade receivables and contract assets without a significant financing element.

**Financial liabilities**

Financial liabilities are measured at fair value during initial recognition. Transaction costs that are directly attributable to the incurrence of the relevant financial liability are also added to the fair value in question.

Financial liabilities are classified as equity-based financial instruments and other financial liabilities.

**Other financial liabilities**

Other financial liabilities (bank loans and import letters of credit) are recognized at amortized cost using the effective interest method with interest expense calculated at the effective interest rate in subsequent periods.

**Derecognition of financial liabilities** The Group derecognises financial liabilities only when the Group's obligations are extinguished, cancelled or expire. The difference between the carrying amount of the derecognised financial liability and the amount paid or to be paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

**Trade payables**

Trade payables represent payments to be made for goods and services provided by suppliers in the ordinary course of business. Trade payables are initially measured at fair value and subsequently at amortised cost using the effective interest method.

**İZMİR DEMİR ÇELİK SANAYİ A.Ş. and ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 DECEMBER 2024**

Amounts are expressed on the basis of 31 December 2024 purchasing power of Turkish Lira, unless otherwise mentioned

**Effective interest method**

It is the method of valuing a financial asset at amortized cost and distributing the relevant interest income to the relevant period. The effective interest rate is the rate that exactly reduces the estimated cash to be collected in the future during the expected life of the financial instrument or, if appropriate, a shorter period of time to the net present value of the relevant financial asset.

**Equity investments measured at fair value through profit or loss**

The subsequent accounting of equity investments measured at fair value through profit or loss is made at fair value. Net gains and losses, including interest or dividend income, are recognized in profit or loss.

**Leasing transactions**

As a Lessee

On the effective date of the lease or the date of the amendment to the contract containing the lease component, the Group allocates the relative stand-alone price of the lease component and the total stand-alone price of the non-lease components to each lease component.

The Group has elected not to separate the non-lease components from the lease components, but instead to account for each lease component and its associated non-lease components as a single lease component.

The Group has recognized the right-of-use asset and lease liability in its financial statements on the effective date of the lease. The initial measurement amount of the right-of-use asset cost liability consists of all lease payments made on or before the effective date of the lease, less all lease incentives received, and all initial direct costs and estimated future costs of dismantling and moving the asset, restoring the area where it is located, or restoring the underlying asset to the condition required by the terms and conditions of the lease.

If the lease transfers the ownership of the underlying asset to the lessee at the end of the lease term or if the cost of the right of use asset indicates that the lessee will exercise a purchase option, the right of use asset is amortized from the effective date of the lease to the end of the useful life of the underlying asset. In other cases, the right of use asset is amortized starting from the effective date of the lease over the shorter of the useful life of the asset or the lease term. In addition, the value of the right of use asset is periodically reduced by deducting any impairment losses and adjusted in line with the remeasurement of the lease liability. At the effective date of the lease, the lease liability is measured at the present value of the lease payments outstanding at that date. Lease payments are discounted using the implicit interest rate in the lease, if this rate can be easily determined. If this rate cannot be easily determined, the Group's alternative borrowing interest rate is used.

The Group determines the alternative borrowing interest rate by taking into account the interest rates it will pay for borrowings from various external financing sources and makes some adjustments to reflect the lease terms and the type of leased asset. Lease payments included in the measurement of the lease liability consist of the following:

- Fixed payments (including fixed payments in substance);
- Variable lease payments based on an index or rate, the first measurement of which is made using an index or rate at the date the lease actually begins;
- Amounts expected to be paid by the lessee under residual value commitments;

**İZMİR DEMİR ÇELİK SANAYİ A.Ş. and ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 DECEMBER 2024**

Amounts are expressed on the basis of 31 December 2024 purchasing power of Turkish Lira, unless otherwise mentioned

- Penalty payments related to the termination of the lease if it is reasonably certain that the purchase option will be exercised, if the exercise price of this option and the lease term indicate that the Group will exercise an option to terminate the lease.

The lease liability is measured by discounting the lease payments with a discount rate. In cases where there is a change in these payments as a result of a change in an index or rate used in determining future lease payments and a change in the amounts expected to be paid under the residual value commitment, the Group evaluates renewal, termination and purchase options.

In case of remeasurement of the lease liability, it is reflected in the financial statements as an adjustment to the right of use asset according to the newly found debt amount. However, if the carrying amount of the right of use asset has decreased to zero and there is a further decrease in the measurement of the lease liability, the remaining remeasurement amount is reflected in profit or loss.

**Short-term leases and low-value leases**

The Group has elected not to reflect right-of-use assets and lease liabilities for short-term leases of machinery and leases of low-value assets, including IT equipment, with a lease term of 12 months or less. The Group has reflected the lease payments associated with these leases as expenses in the consolidated financial statements on a straight-line basis over the lease term.

**Capital**

*Ordinary shares*

Ordinary shares are classified as paid-in capital. Additional costs directly related to the issuance of ordinary shares are recorded as a decrease in equity after deducting the tax effect.

*Preferred shares*

Preferred shares are classified under equity when they cannot be redeemed or when their redemption is possible only upon payment of the price at the discretion of the company and when the distribution of dividends to the preferred shares is optional. Optional dividends distributed to the preferred shares upon the approval of the company's partners are recorded as a distribution within equity.

**Related Parties**

A related party is a person or entity related to a reporting entity. The reporting entity is the entity that prepares its financial statements.

A person or a member of that person's immediate family is related to a reporting entity if:

a. The person:

(i) Has control or joint control over the reporting entity,

(ii) Has significant influence over the reporting entity,

(iii) Is a member of the key management personnel of the reporting entity or a parent of the reporting entity

**İZMİR DEMİR ÇELİK SANAYİ A.Ş. and ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 DECEMBER 2024**

Amounts are expressed on the basis of 31 December 2024 purchasing power of Turkish Lira, unless otherwise mentioned

b. An entity is related to a reporting entity if any of the following conditions are met:

1. The entity and the reporting entity are members of the same group (i.e., each parent, subsidiary, and other subsidiary is related to the others).
2. The entity is an associate or joint venture of the other entity (or a member of a group of which the other entity is a member).
3. Both entities are joint ventures of the same third party.
4. One entity is a joint venture of a third entity and the other entity is an associate of that third entity.
5. The entity has post-employment benefit plans for employees of the reporting entity or of an entity related to the reporting entity. If the reporting entity itself has such a plan, the sponsoring employers are also related to the reporting entity.
6. If the entity is controlled or jointly controlled by a person identified in (a).
7. If a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or the parent of the entity).
8. If the entity or another member of the group of which it is a part provides key management personnel services to the reporting entity or the parent of the reporting entity.

A related party transaction is a transfer of resources, services or liabilities between related parties, whether or not a consideration is given. The Group enters into business relationships with its related parties in the course of its ordinary activities.

A brief summary of related parties is provided below.

*İDÇ Denizcilik San. ve Tic. A.Ş.*

It was established in Izmir in 2005. It operates in the fields of agency, ship rental and ship management. İDÇ Denizcilik San. ve Tic. A.Ş. provides services in the fields of personnel recruitment, technical management, insurance transactions, maintenance, technical material and fuel supply.

*Agora Sigorta Aracılık Hizmetleri A.Ş.*

It was established in Izmir in 2006. It operates in the field of insurance agency. Agora Insurance Brokerage Services Ltd. A.Ş. provides brokerage services for the group's insurance transactions.

*Dagi Giyim Sanayi ve Ticaret A.Ş.*

It was established in Istanbul in 1988. It operates in textiles. The group has no commercial relationship with Dagi Giyim Sanayi ve Ticaret A.Ş.

*Begonviller Turizm Yatçılık ve Ticaret Ltd. Şti.*

It was established in Muğla in 1994. It has been operating in Izmir since 2006. It operates in the field of yacht rental and operation. The commercial relationship of the Group with Begonviller Tourism Yachting and Trading Co. Ltd. is incidental.

*Şahin Kömür Ticaret A.Ş.*

It is engaged in coal trade.

*Şahin – Koç Çelik Sanayi A.Ş.*

It was established in 2005. Its field of activity is to establish, operate and invest in iron and steel facilities. It is the controlling partner of İzmir Demir Çelik Sanayi A.Ş.

*Şahin Şirketler Grubu Holding A.Ş.*

It was established in 2013. Its field of activity is to participate in iron and steel and related companies. It is the controlling partner of Şahin – Koç Çelik Sanayi A.Ş.

**İZMİR DEMİR ÇELİK SANAYİ A.Ş. and ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 DECEMBER 2024**

Amounts are expressed on the basis of 31 December 2024 purchasing power of Turkish Lira, unless otherwise mentioned

*Begonviller Turizm Yatçılık Ltd. Şti.*

It was established in 2006. Its field of activity is to purchase, import, rent, lease land, air, sea transportation vehicles from domestic and foreign markets and to engage in other matters in its main contract.

*Karbeyaz Cement Mining Industry and Trade Inc. (\*)*

It was established in 2013. Its field of activity is cement manufacturing trade.

**Other Financial Position Statement Items**

Other financial position statement items are mainly reflected at cost.

**Taxes Calculated on Corporate Profit**

Tax expense consists of the sum of period tax and deferred tax. Current period tax and deferred tax are recognized in profit or loss excluding the tax effects of the items recorded directly in equity or other comprehensive income statement.

Current period tax liability consists of deferred tax liability calculated on the taxable part of the period profit and with the tax rates valid on the date of the financial position statement.

Deferred tax is determined by calculating the tax effects of temporary differences between the values of assets and liabilities shown in the financial statements and the amounts taken into account in the legal tax base calculation. The tax rates valid in the calculation of deferred tax are used.

The main temporary differences arise from the recognition of income and expenses in different reporting periods in accordance with the financial statements and tax laws, and from capitalization and depreciation differences related to tangible and intangible assets.

Deferred tax liabilities or assets are reflected in the accompanying consolidated financial statements at the estimated rates of increase and decrease in the tax amounts to be paid in the future periods when the temporary differences in question will be eliminated. Deferred tax assets are separated in cases where it is possible to provide a tax advantage in the future periods. It is deleted from the relevant asset to the extent that it is understood that this receivable will no longer be used.

Subject to the tax legislation of the same country and in the event that there is a legally enforceable right to offset current tax assets from current tax liabilities, deferred tax assets and deferred tax liabilities are offset against each other.

Tax regulations in Turkey do not allow a parent company and its subsidiaries to file consolidated tax returns. Therefore, tax provisions are calculated on a separate company basis as reflected in the accompanying consolidated financial statements.

When determining the period tax and deferred tax amounts, the Group takes into account uncertain tax positions and whether there are additional taxes and interests to be paid. The Group believes that the tax provisions set aside for periods that have not undergone a tax audit are sufficient, based on the assessment it makes based on tax law and past experience. This assessment is based on estimates and assumptions that include many professional opinions about the future. In the event that new information emerges that will change the Group's assessment of the adequacy of its tax liability, this change in tax liability will affect the tax expense for the period in which this situation is determined.

**İZMİR DEMİR ÇELİK SANAYİ A.Ş. and ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 DECEMBER 2024**

Amounts are expressed on the basis of 31 December 2024 purchasing power of Turkish Lira, unless otherwise mentioned

**Employee Benefits**

According to the laws in force, the group is obliged to make a certain lump sum payment to its employees whose employment is terminated due to retirement or resignation and other reasons other than behaviors specified in the labor law. The payment amounts in question are calculated based on the severance pay ceiling valid as of the date of the financial position statement. The severance pay provision is calculated according to the present net value of the future liability amounts that will arise due to the retirement of all employees and is reflected in the attached consolidated financial statements.

The Group pays insurance premiums to the social security institution as an employer. The Group has no other obligations as long as it pays these premiums. These premiums are reflected in personnel expenses in the period they are accrued. A liability is recorded for the leave payments earned by its employees as a result of their past services. In the event that the employees are terminated, the Group is liable to pay an amount calculated by multiplying the number of days of leave earned but not used by the daily gross wage on the date the employment contract is terminated and the total of other benefits related to the contract. In this context, the Group records the leave provision as a long-term benefit obligation provided to employees. The leave provision is measured without discount and is expensed in profit or loss as the relevant service is performed.

**Provisions, Contingent Assets and Liabilities**

In cases where there is a current legal or commitment-based obligation arising from past events, where it is probable that resources containing economic benefits will be withdrawn from the company in order to fulfill this obligation and where the amount of the obligation can be reliably estimated, the Group management sets aside a provision in the amount of the obligation in question in the attached consolidated financial statements.

Contingent liabilities are subject to continuous evaluation in order to determine whether the possibility of the resources containing economic benefits being withdrawn from the company has become probable. Except for cases where the possibility of the resources containing economic benefits being withdrawn from the company is remote, they are disclosed in the footnotes of the financial statements.

If it becomes probable that economic benefits will flow into the company, a disclosure is made in the footnotes of the financial statements regarding the contingent assets. If it is certain that economic benefits will flow into the company, the asset in question and the income related to it are included in the financial statements on the date of the change.

**Foreign Currency Transactions**

Transactions made in foreign currency are converted into TL with the foreign exchange rate on the transaction date. In accordance with the POA decision, monetary assets in foreign currency are converted into TL with the TCMB foreign exchange buying rate valid at the end of the reporting period, and monetary debts are converted into TL with the TCMB foreign exchange selling rate. Exchange rate differences arising from such transactions are reflected in profit or loss or capitalized to the extent permitted by the relevant standard.

**Earnings/(Losses) Per Share**

Earnings/(loss) per share stated in the consolidated profit or loss statement is found by dividing the net profit for the period by the weighted average number of shares available in the market, taking into account the Company's repurchased shares, if any, during the relevant period.

In Turkey, companies can increase their capital by distributing shares (free shares) from previous year profits to their current shareholders in proportion to their shares in the capital. Such free share distributions are evaluated as issued shares in the calculation of earnings/(loss) per share. Accordingly,

**İZMİR DEMİR ÇELİK SANAYİ A.Ş. and ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 DECEMBER 2024**

Amounts are expressed on the basis of 31 December 2024 purchasing power of Turkish Lira, unless otherwise mentioned  
the weighted average number of shares used in these calculations is found by taking into account the retroactive effects of the said share issuances.

**Subsequent Events**

Represents events that occur in favor of or against the company between the reporting date and the date of authorization for the publication of the financial statements. If there is new evidence that the said events existed as of the reporting date or if the relevant events occur after the reporting period and if these events require the correction of the financial statements, the Group corrects the financial statements in accordance with the new situation. If the said events do not require the correction of the financial statements, the Group explains these matters in the relevant footnotes.

**Reporting Financial Information by Segments**

Segment reporting is designed to be consistent with the reporting made to the decision-making authority regarding the activities of the company. The group's decision-making authority regarding the activities is responsible for making decisions regarding the resources to be allocated to the activity segment and for evaluating the performance of the activity segment. The group's senior managers are determined as the group's decision-making authority regarding the activities. The group operates in four main groups. These are iron and steel activities, ship activities, port activities and energy activities.

**Cash Flow Statement**

The group presents the cash flow statement according to the indirect method. In the cash flow statement, cash flows for the period are classified and reported based on operating activities, investment activities and financing activities. Cash flows from operating activities represent cash flows from issues within the group's field of activity. Cash flows from operating activities are calculated by adjusting the effects of non-cash transactions from net profit, accruals or deferrals of cash inflows and outflows related to past or future transactions, and income or expense items related to investment or financing cash flows.

Cash flows from investing activities represent cash flows used and obtained by the group in investment activities (tangible and intangible fixed asset investments). Cash flows from financing activities represent the resources used by the group in financing activities and the repayments of these resources.

**Significant Accounting Estimates and Assumptions**

Preparation of consolidated financial statements requires the Group's management to make decisions, estimates and assumptions that affect the application of policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and the assumptions underlying the estimates are reviewed on an ongoing basis. Updates to accounting estimates are recorded in the period in which the estimates are updated and in subsequent periods affected by these updates. The significant estimates and assumptions used by the Group in preparing its consolidated financial statements are provided in the following notes.

Note 2.7 - Useful lives of tangible and intangible assets

Note 11 - Investment properties

Note 12 – Property, plant and equipment

Note 31 - Derivative instruments

Note 34 - Fair value disclosures

**3. SEGMENT REPORTING**

The Group operates in four areas of business. These are iron and steel operations, port operations, port and energy operations.

(Convenience translation of consolidated financial statements originally issued in Turkish)

**İZMİR DEMİR ÇELİK SANAYİ A.Ş. and ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 DECEMBER 2024**

Amounts are expressed on the basis of 31 December 2024 purchasing power of Turkish Lira, unless otherwise mentioned

**SEGMENT REPORTING**

<b>01.01- 31.12.2024</b>	<b>Iron Steel Operations</b>	<b>Ship Operations</b>	<b>Harbour Operations</b>	<b>Energy Operations</b>	<b>Consolidation Adjustments</b>	<b>Consolidated</b>
Domestic Sales	40.851.238.691		341.030.909	4.251.506.589		45.443.776.189
Export Sales	1.091.937.289		8.340.196	-	-	1.100.277.485
Inter-segment Sales	1.045.954		390.430.024	3.016.700.874	(3.408.176.852)	-
<b>Total Sales</b>	<b>41.944.221.934</b>	<b>-</b>	<b>739.801.129</b>	<b>7.268.207.463</b>	<b>(3.408.176.852)</b>	<b>46.544.053.674</b>
Cost Of Sales (-)	(44.676.760.769)		(690.541.053)	(6.941.824.014)	3.358.002.097	(48.951.123.739)
<b>GROSS PROFIT/(LOSS)</b>	<b>(2.732.538.835)</b>	<b>-</b>	<b>49.260.076</b>	<b>326.383.449</b>	<b>(50.174.755)</b>	<b>(2.407.070.065)</b>
General Administrative Expenses (-)	(423.554.575)		(21.730.923)	(85.285.747)	4.241.974	(526.329.271)
Marketing Expenses (-)	(174.745.605)		-	-	8.529.881	(166.215.724)
Other Income from Operating Activities	300.442.259		41.918.265	104.854.470	(115.806.258)	331.408.736
Other Expenses from Operating Activities(-)	(148.006.550)		(5.653.924)	(4.344.778)	119.548.815	(38.456.437)
<b>OPERATING PROFIT/(LOSS)</b>	<b>(3.178.403.306)</b>	<b>-</b>	<b>63.793.494</b>	<b>341.607.394</b>	<b>(33.660.343)</b>	<b>(2.806.662.761)</b>
Income from Investing Activities	366.751.403		(1.822.980)	152.325	-	365.080.748
Expense from Investing Activities (-)	(70.455.817)		(3.508.735)	(193.643.775)	(42.250.193)	(309.858.520)
<b>OPERATING PROFIT /(LOSS) BEFORE FINANCE EXPENSE</b>	<b>(2.882.107.720)</b>	<b>-</b>	<b>58.461.779</b>	<b>148.115.944</b>	<b>(75.910.536)</b>	<b>(2.751.440.533)</b>
Financial Incomes	860.323.461		5.991.750	101.369.104	(72.315.414)	895.368.901
Financial Expenses (-)	(4.998.743.384)		(26.221.808)	(283.507.621)	82.363.308	(5.226.109.505)
Monetary position (loss) gains	3.485.641.223		(21.933.371)	(593.082.338)	1.440.652.526	4.311.278.040
<b>OPERATING PROFIT/(LOSS) BEFORE INCOME TAX</b>	<b>(3.534.886.420)</b>	<b>-</b>	<b>16.298.350</b>	<b>(627.104.911)</b>	<b>1.374.789.884</b>	<b>(2.770.903.097)</b>
<b>Tax Income/(Expense)</b>	<b>621.824.133</b>	<b>-</b>	<b>(12.633.341)</b>	<b>(147.292.534)</b>	<b>(339.610.293)</b>	<b>122.287.965</b>
Tax Income/(Expense)	-		(9.990.095)	-	-	(9.990.095)
Deferred Tax Income / (Expense)	621.824.133		(2.643.246)	(147.292.534)	(339.610.293)	132.278.060
<b>CONTINUING OPERATING PROFIT/(LOSS)</b>	<b>(2.913.062.287)</b>	<b>-</b>	<b>3.665.009</b>	<b>(774.397.445)</b>	<b>1.035.179.591</b>	<b>(2.648.615.132)</b>
<b>DISCONTINUED OPERATING PROFIT/(LOSS)</b>	<b>-</b>	<b>216.508.391</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>216.508.391</b>
<b>PROFIT/(LOSS) FOR THE PERIOD</b>	<b>(2.913.062.287)</b>	<b>216.508.391</b>	<b>3.665.009</b>	<b>(774.397.445)</b>	<b>1.035.179.591</b>	<b>(2.432.106.741)</b>
<b>Profit/(Loss) Attributable to</b>						
Non-controlling Interests	10.921		(8.903)	(290.330.648)	-	(290.328.630)
Owners of the Company	(2.913.073.208)	216.508.391	3.673.912	(484.066.797)	1.035.179.591	(2.141.778.111)
<b>Segment Assets</b>						
Tangible and intangible fixed assets, investment properties	14.661.269.830		3.112.581.586	10.320.845.233	-	28.094.696.649
Depreciation expenses	1.158.150.528		157.017.012	565.238.498	-	1.880.406.038

(Convenience translation of consolidated financial statements originally issued in Turkish)

**İZMİR DEMİR ÇELİK SANAYİ A.Ş. and ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 DECEMBER 2024**

Amounts are expressed on the basis of 31 December 2024 purchasing power of Turkish Lira, unless otherwise mentioned

<b>01.01- 31.12.2023</b>	<b>Iron Steel Operations</b>	<b>Ship Operations</b>	<b>Harbour Operations</b>	<b>Energy Operations</b>	<b>Consolidation Adjustments</b>	<b>Consolidated</b>
Domestic Sales	32.470.209.158	-	368.052.355	7.823.083.010	-	40.661.344.523
Export Sales	10.025.873.427	-	4.927.435	-	-	10.030.800.862
Inter-segment Sales	5.420.893	-	497.645.868	3.058.721.523	(3.561.788.284)	
<b>Total Sales</b>	<b>42.501.503.478</b>	<b>-</b>	<b>870.625.658</b>	<b>10.881.804.533</b>	<b>(3.561.788.284)</b>	<b>50.692.145.385</b>
Cost Of Sales (-)	(42.401.426.643)	-	(628.572.579)	(9.792.261.640)	3.660.164.718	(49.162.096.144)
<b>GROSS PROFIT/(LOSS)</b>	<b>100.076.835</b>	<b>-</b>	<b>242.053.079</b>	<b>1.089.542.893</b>	<b>98.376.434</b>	<b>1.530.049.241</b>
General Administrative Expenses (-)	(355.072.550)	-	(30.231.175)	(92.748.995)	4.102.494	(473.950.226)
Marketing Expenses (-)	(206.886.875)	-	-	-	7.534.464	(199.352.411)
Other Income from Operating Activities	285.899.406	-	34.502.820	100.374.077	(117.060.273)	303.716.030
Other Expenses from Operating Activities (-)	(77.648.290)	-	(7.137.272)	(119.523.309)	62.815.120	(141.493.751)
<b>OPERATING PROFIT/(LOSS)</b>	<b>(253.631.474)</b>	<b>-</b>	<b>239.187.452</b>	<b>977.644.666</b>	<b>55.768.239</b>	<b>1.018.968.883</b>
Income from Investing Activities	686.224.484	-	3.019.688	-	-	689.244.172
Expense from Investing Activities (-)	(195.183.296)	-	(3.132.627)	252.247	-	(198.063.676)
<b>OPERATING PROFIT /(LOSS) BEFORE FINANCE EXPENSE</b>	<b>237.409.714</b>	<b>-</b>	<b>239.074.513</b>	<b>977.896.913</b>	<b>55.768.239</b>	<b>1.510.149.379</b>
Financial Incomes	656.403.555	-	2.891.644	28.387.057	(88.803.114)	598.879.142
Financial Expenses (-)	(9.174.477.919)	-	(44.970.401)	(599.870.225)	99.921.410	(9.719.397.135)
Monetary position (loss) gains	7.765.170.093	-	(33.326.685)	659.096.427	9.131.763	8.400.071.598
<b>OPERATING PROFIT/(LOSS) BEFORE INCOME TAX</b>	<b>(515.494.557)</b>	<b>-</b>	<b>163.669.071</b>	<b>1.065.510.172</b>	<b>76.018.298</b>	<b>789.702.984</b>
<b>Tax Income/(Expense)</b>	<b>499.093.521</b>	<b>-</b>	<b>(36.684.258)</b>	<b>535.148.287</b>	<b>63.995.683</b>	<b>1.061.553.233</b>
Tax Income/(Expense)	(54.521.939)	-	(41.641.860)	(25.723.019)	-	(121.886.818)
Deferred Tax Income / (Expense)	553.615.460	-	4.957.602	560.871.306	63.995.683	1.183.440.051
<b>CONTINUING OPERATING PROFIT/(LOSS)</b>	<b>(16.401.036)</b>	<b>-</b>	<b>126.984.813</b>	<b>1.600.658.459</b>	<b>140.013.981</b>	<b>1.851.256.217</b>
<b>DISCONTINUED OPERATING PROFIT/(LOSS)</b>	<b>-</b>	<b>183.121.960</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>183.121.960</b>
<b>PROFIT/(LOSS) FOR THE PERIOD</b>	<b>(16.401.036)</b>	<b>183.121.960</b>	<b>126.984.813</b>	<b>1.600.658.459</b>	<b>140.013.981</b>	<b>2.034.378.177</b>
<b>Profit/(Loss) Attributable to</b>						
Non-controlling Interests	20.609	-	10.335	456.047.930	-	456.078.874
Owners of the company	(16.421.645)	183.121.960	126.974.478	1.144.610.529	140.013.981	1.578.299.303
<b>Segment Assets</b>						
Tangible and intangible fixed assets, investment properties	17.582.036.556	709.503.020	2.920.883.780	10.894.402.274	-	32.106.825.630
Depreciation expenses	562.968.974	-	133.603.505	386.655.997	-	1.083.228.476

**İZMİR DEMİR ÇELİK SANAYİ A.Ş. and ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 DECEMBER 2024**

Amounts are expressed on the basis of 31 December 2024 purchasing power of Turkish Lira, unless otherwise mentioned

**4. RELATED PARTY DISCLOSURES**

There is no provision for doubtful receivables for trade and other receivables and guarantee for receivables regarding related parties. Similarly, there is no guarantee given for trade and other payables regarding related parties.

The Group has no guarantees, collaterals, bails and similar commitments given except for fully consolidated companies.

The Group's due from related parties, due to related parties, balances and significant related party transactions during the period are summarized below.

(\*) : Controlled by ultimate majority shareholder or shareholders board of directors have significant influence

(\*\*) : parent company

(\*\*\*) : ultimate parent company

**Trade receivables from related parties**

	<b>31 December 2024</b>	<b>31 December 2023</b>
Şahin Kömür Ticaret A.Ş.(*)	8.525.557	3.613.324
İDÇ Denizcilik San. Tic. A.Ş.(*)	308.184	698.516
Şahin-Koç Çelik San. A.Ş.(**)	164.977	130.248
Şahin Şirketler Grubu Holding A.Ş.(***)	156.889	58.565
Begonviller Turizm Yatçılık Ltd. Şti.(*)	25.553	24.152
Agora Sigorta Aracılık Hizmetleri A.Ş.(*)	1.288	-
	<b>9.181.160</b>	<b>4.524.805</b>

**Other receivables from related parties**

	<b>31 December 2024</b>	<b>31 December 2023</b>
Şahin-Koç Çelik San. A.Ş.(**)	69.601.619	57.042.580
	<b>69.601.619</b>	<b>57.042.580</b>

Other receivables from related parties consist of funds given for financing purposes. Interest is accrued and interest is collected for the receivables in question during the quarterly temporary tax periods.

**Trade payables to related parties**

	<b>31 December 2024</b>	<b>31 December 2023</b>
Agora Sigorta Aracılık Hizmetleri A.Ş.(*)	3.366.619	3.168.265
Şahin Şirketler Grubu Holding A.Ş.(***)	52.200	64.332
İDÇ Denizcilik San. ve Tic. A.Ş.(*)	-	4.138.947
	<b>3.418.819</b>	<b>7.371.544</b>

**İZMİR DEMİR ÇELİK SANAYİ A.Ş. and ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 DECEMBER 2024**

Amounts are expressed on the basis of 31 December 2024 purchasing power of Turkish Lira, unless otherwise mentioned

**Income from related parties**

	<b>01.01.- 31.12.2024</b>	<b>01.01.- 31.12.2023</b>
Şahin Kömür Ticaret A.Ş.(*)	21.330.341	16.860.202
İDÇ Denizcilik Sanayi ve Ticaret A.Ş.(*)	16.443.824	8.253.600
	<b>37.774.166</b>	<b>25.113.802</b>

**Purchases from related parties in cost of goods sold**

	<b>01.01.- 31.12.2024</b>	<b>01.01.- 31.12.2023</b>
Agora Sigorta Aracılık Hizmetleri A.Ş.(*)	149.064.550	98.221.581
Şahin Kömür Ticaret A.Ş.(*)	123.823.491	-
İDÇ Denizcilik Sanayi ve Ticaret A.Ş.(*)	603.652	126.628.943
	<b>273.491.693</b>	<b>224.850.524</b>

**Expenses from related parties in marketing, selling and distribution expenses**

	<b>01.01.- 31.12.2024</b>	<b>01.01.- 31.12.2023</b>
İDÇ Denizcilik Sanayi ve Ticaret A.Ş.(*)	474.522	350.013
Agora Sigorta Aracılık Hizmetleri A.Ş.(*)	11.344	4.035
	<b>485.866</b>	<b>354.048</b>

**Expenses from related parties in general administrative expenses**

	<b>01.01.- 31.12.2024</b>	<b>01.01.- 31.12.2023</b>
Agora Sigorta Aracılık Hizmetleri A.Ş.(*)	8.896.463	5.257.380
Şahin Şirketler Grubu Holding A.Ş.(***)	345.991	269.983
	<b>9.242.454</b>	<b>5.527.364</b>

**Income from related parties in other operating income and profit**

	<b>01.01.- 31.12.2024</b>	<b>01.01.- 31.12.2023</b>
Şahin Kömür Ticaret A.Ş.	3.623.685	44.916.068
Agora Sigorta Aracılık Hizmetleri A.Ş.(*)	1.449.089	230.182
İDÇ Denizcilik San. ve Tic. A.Ş.(*)	640.781	732.886
Şahin - Koç Çelik Sanayi A.Ş.(**)	160.637	99.988
Şahin Şirketler Grubu Holding A.Ş.(***)	151.434	93.252
Begonviller Turizm Yatçılık Ltd. Şti.(*)	37.141	27.325
Karbeyaz Çimento Madencilik Sanayi ve Ticaret A.Ş.(*)	13.964	11.033
	<b>6.076.732</b>	<b>46.110.734</b>

Other income from Şahin Kömür Ticaret A.Ş. is related to coal sales, rent, transportation, exchange rate difference and energy sales expenses.

(Convenience translation of consolidated financial statements originally issued in Turkish)

**İZMİR DEMİR ÇELİK SANAYİ A.Ş. and ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 DECEMBER 2024**

Amounts are expressed on the basis of 31 December 2024 purchasing power of Turkish Lira, unless otherwise mentioned

**Income from related parties in finance income**

	<b>01.01.- 31.12.2024</b>	<b>01.01.- 31.12.2023</b>
Şahin Şirketler Grubu Holding A.Ş.(***)	26.788.334	13.615.908
Şahin - Koç Çelik Sanayi A.Ş.(**)	-	2.691.220
	<b>26.788.334</b>	<b>16.307.128</b>

**Key management personnel compensation**

Total benefits provided to top management (Board of Directors, Executive Board, General Manager and Assistants of General Manager) during the current period amounted to TL 30.228.282 (01.01.-31.12.2023: 12.377.853 TL)

**5. CASH AND CASH EQUIVALENTS**

	<b>31December 2024</b>	<b>31 December 2023</b>
Cash on hand	109.463	312.602
Bank - demand deposits	316.611.667	816.681.831
Bank - time deposits	3.125.482.383	1.211.687.621
Bank - interest accruals of time deposits	694.262	410.693
Other	1.889	2.727
	<b>3.442.899.664</b>	<b>2.029.095.474</b>

There are no blockage and pledge over the Group's time and demand deposits. (31 December 2022: None)

**Demand Deposits**

	<b>31 December 2024</b>		<b>31 December 2023</b>	
	<b>Foreign Currency</b>	<b>TL Equivalence</b>	<b>Foreign Currency</b>	<b>TL Equivalence</b>
USD	6.775.939	239.057.158	15.661.209	665.640.716
EUR	1.990.172	73.111.348	1.194.280	56.166.765
TL	3.665.017	3.665.017	74.689.665	74.689.665
JPY	1.502.338	337.726	1.870.044	560.149
GBP	6.753	298.545	5.550	300.019
AED	9.287	88.704	-	-
CHF	1.218	47.415	39.218	1.979.870
CAD	214	5.243	214	6.852
RUB	1.090	356	36.823.192	17.337.596
DKK	32	155	32	199
<b>Total</b>		<b>316.611.667</b>		<b>816.681.831</b>

(Convenience translation of consolidated financial statements originally issued in Turkish)

**İZMİR DEMİR ÇELİK SANAYİ A.Ş. and ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 DECEMBER 2024**

Amounts are expressed on the basis of 31 December 2024 purchasing power of Turkish Lira, unless otherwise mentioned

**Time Deposits**

<b>Currency</b>	<b>Weighted Average Interest Rate</b>	<b>Maturity Date</b>	<b>TL Balance 31 December 2024</b>
USD	% 2	02.01.2025	234.613.995
TL	% 47,06	02.01.2025-01.07.2025	2.890.868.388
			<b>3.125.482.383</b>

<b>Currency</b>	<b>Weighted Average Interest Rate</b>	<b>Maturity Date</b>	<b>TL Balance 31 December 2023</b>
USD	% 3,50	02.01.2024	988.608.418
TL	% 40	02.01.2024-15.01.2024	223.079.203
			<b>1.211.687.621</b>

**6. FINANCIAL INVESTMENTS**

Details of short term financial investments are as follows:

**Time Deposits**

	<b>31 December 2024</b>	<b>31 December 2023</b>
Foreign currency protected time deposits	449.810.200	421.951.050
Investment fund purchase	989.708.274	-
	<b>1.439.518.474</b>	<b>421.951.050</b>

The fair value of currency protected deposits is recognized in profit or loss. The fair value classifications of the Group's financial assets and liabilities are as follows.

First level: Financial assets and liabilities are valued at stock exchange prices traded in active markets for identical assets and liabilities.

Second level: Financial assets and liabilities are valued using inputs used to find the market price of the relevant asset or liability that can be observed directly or indirectly other than the stock exchange price specified in the first level.

Third level: Financial assets and liabilities are valued using inputs that are not based on observable data in the market used to find the fair value of the asset or liability.

The Group's currency protected deposits are valued at the second level. Investment funds are valued at the first level.

Currency protected deposits are determined at their fair value as a whole without separating the derivative element dependent on the foreign exchange price since their main product is an interest-bearing term deposit with a financial asset quality.

**İZMİR DEMİR ÇELİK SANAYİ A.Ş. and ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 DECEMBER 2024**

Amounts are expressed on the basis of 31 December 2024 purchasing power of Turkish Lira, unless otherwise mentioned

<b>31 December 2024</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Currency protected deposits	-	449.810.200	-

As of December 31, 2024 and December 31, 2023 the details of long term financial investments are as follows:

<b>Name of Company</b>	<b>Share (%)</b>	<b>31 December 2024</b>	<b>Share (%)</b>	<b>31 December 2023</b>
<b>Investments and Associates</b>				
İtaş İzmir Teknopark Ticaret A.Ş.	0,125	55.340	0,125	55.340
Enda Enerji Holding A.Ş.	0,188	10.811.794	0,188	10.811.794
Egenda Ege Enerji Üretim A.Ş.	0,03	1.079.117	0,03	1.079.117
Nemrut Kılavuz ve Römorkör Hizmet A.Ş.	16,66	114.461	16,66	114.461
Enerji Piyasaları İşletim Anonim Şirketi	0,80	2.167.407	0,80	2.167.407
<b>Total</b>		<b>14.228.119</b>		<b>14.228.119</b>

There is no financial asset given as guarantee for liabilities of the companies (31 December 2023: None).

Since the Company's long-term financial investments do not trade in active market and that fair values cannot be determined reliably, long-term financial investments are reflected in the consolidated financial statements at their cost values less any impairment losses.

*ENDA Energy Holding A.Ş.*

It was established in 1993 in Izmir. It operates in energy generation, distribution and trade. The group's does not have a commercial relationship with ENDA Energy Holding A.Ş.

*EGENDA Ege Enerji Üretim A.Ş.*

It was established in 1997 in Izmir. It operates in energy generation, distribution and trade. The Group's does not have a commercial relationship with EGENDA Ege Enerji Üretim A.Ş.

*İTAŞ İzmir Teknopark Ticaret A.Ş.*

It was established in 1988 in Izmir. It operates in the production of technological information. The Group's does not have a commercial relationship with İTAŞ İzmir Teknopark Ticaret A.Ş.

*Nemrut Kılavuz ve Römorkör Hizmetleri A.Ş.*

It was established in 2014 in İzmir. It will provide pilotage and tugboat services to ships arriving at ports in the Aliğa region. The Group's does not have a commercial relationship with Nemrut Kılavuz ve Römorkör Hizmetleri A.Ş.

*Energy Piyasaları İşletim Anonim Şirketi*

It was established to operate the organized wholesale electricity markets (day ahead market, intraday market) and to carry out the financial settlement transactions of the activities carried out in these markets and the payment, invoicing and other financial transactions related to the said activities.

**İZMİR DEMİR ÇELİK SANAYİ A.Ş. and ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 DECEMBER 2024**

Amounts are expressed on the basis of 31 December 2024 purchasing power of Turkish Lira, unless otherwise mentioned

**7. TRADE RECEIVABLES AND PAYABLES**

**Short term trade receivables**

	<b>31 December 2024</b>	<b>31 December 2023</b>
Trade receivables	1.740.507.384	1.376.137.204
Notes receivables	105.217.425	37.747.488
Doubtful trade receivables	47.748.642	51.314.042
Provision for doubtful trade receivables (-)	(47.748.642)	(51.314.042)
	<b>1.845.724.809</b>	<b>1.413.884.692</b>

The Group has set provision for uncollectible receivables. Provision for doubtful receivables is based on past experience regarding the collectability. While determining the collectability, the Group considers the changes between the dates of trade and reporting for the receivables credit quality. Therefore, the Group Management believes that there is no necessity to set more provision than provision for doubtful receivables already recorded in the financial statements. Average maturity on receivables is one and a half month depending on the customer risk limit and deposits.

Maturity details of notes receivables are as follows.

	<b>31 December 2024</b>	<b>31 December 2023</b>
1 month	86.931.899	18.077.324
2-5 months	18.285.526	19.670.164
	<b>105.217.425</b>	<b>37.747.488</b>

Movement of provision for doubtful trade receivables is as follows

	<b>01.01.- 31.12.2024</b>	<b>01.01.- 31.12.2023</b>
Beginning of the period	51.314.042	56.959.861
Reversal of impairment losses	(138.996)	(637.284)
Provision /(Reversal) in compliance with TFRS 9	8.651.204	16.597.096
Provision for the period	3.695.171	785.524
Monetary gain/(loss)	(15.772.779)	(22.391.156)
<b>End of the period</b>	<b>47.748.642</b>	<b>51.314.042</b>

Foreign currency and liquidity risk on short term trade receivables of the Group are disclosed on Note 33.

**İZMİR DEMİR ÇELİK SANAYİ A.Ş. and ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 DECEMBER 2024**

Amounts are expressed on the basis of 31 December 2024 purchasing power of Turkish Lira, unless otherwise mentioned

**Short term trade payables**

	<b>31 December 2024</b>	<b>31 December 2023</b>
Trade payables	667.912.743	1.068.145.049
Trade payables to related parties	3.418.819	7.371.544
	<b>671.331.562</b>	<b>1.075.516.593</b>

Trade payables are rediscounted by using effective interest method. The effective discount rates used are %6,63, %7,44 and %46,04 for receivables denominated in USD, EUR and TL respectively. (31 December 2023: USD:%9,04 EUR:%3,61 TL:%43,28)

Foreign currency and liquidity risk on short term trade payables of the Group are disclosed on Note 33.

**8. OTHER RECEIVABLES AND PAYABLES**

**Short term other receivables**

	<b>31 December 2024</b>	<b>31 December 2023</b>
Deposit and guarantees given	2.058.540	25.930.417
VAT refund receivable	414.147	2.874.311
	<b>2.472.687</b>	<b>28.804.729</b>

**Long term other receivables**

	<b>31 December 2024</b>	<b>31 December 2023</b>
Deposit and guarantees given	13.722.627	29.644.950
	<b>13.722.627</b>	<b>29.644.950</b>

**Short term other payables**

	<b>31 December 2024</b>	<b>31 December 2023</b>
Taxes and duties payable	7.722.387	21.501.860
Deposits received	1.581.266	2.758.710
Other payables	3.912.841	4.781.906
	<b>13.216.494</b>	<b>29.042.476</b>

**İZMİR DEMİR ÇELİK SANAYİ A.Ş. and ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 DECEMBER 2024**

Amounts are expressed on the basis of 31 December 2024 purchasing power of Turkish Lira, unless otherwise mentioned

**8. INVENTORIES**

	<b>31 December 2024</b>	<b>31 December 2023</b>
Raw materials	4.568.864.582	5.426.720.899
Work in process	1.346.596.700	357.875.494
Finished goods	1.968.125.600	1.940.730.010
Goods on transit	-	875.025.352
Merchandised goods	334.113	117.937.437
Impairment on inventories (*)	(272.989.352)	(46.184.345)
	<b>7.610.931.643</b>	<b>8.672.104.847</b>

(\*) The Group accounted a provision for impairment on finished goods in case the book value is less than net realizable value and recognized them under cost of goods sold in the consolidated profit or loss statement.

The depreciation expenses capitalized on inventories is TL 95.673.695 (31 December 2023: TL 64.740.849)

There is no inventory collateralized against liabilities (31 December 2023: None). The Group has no inventory that will be recovered within more than twelve months starting from the date of statement of financial position.

Movement of provision for impairment on inventories is as follows.

	<b>01.01.- 31.12.2024</b>	<b>01.01.- 31.12.2023</b>
Beginning of the period	46.184.345	335.185.221
Reversal of previous period	(46.184.345)	(335.185.221)
Impairment on inventories for current period	272.989.352	46.184.345
<b>End of the period</b>	<b>272.989.352</b>	<b>46.184.345</b>

**9. PREPAID EXPENSES**

**Short Term Prepaid Expenses**

	<b>31 December 2024</b>	<b>31 December 2023</b>
Advances given	400.650.970	431.378.483
Insurance expenses	38.897.002	25.990.453
Other expenses	9.794.771	13.048.629
	<b>449.342.743</b>	<b>470.417.564</b>

**Long Term Prepaid Expenses**

	<b>31 December 2024</b>	<b>31 December 2023</b>
Advances given for fixed asset	201.740.018	1.981.596.616
	<b>201.740.018</b>	<b>1.981.596.616</b>

The majority of the advances were given for ongoing investments and the power plant project.

**İZMİR DEMİR ÇELİK SANAYİ A.Ş. and ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 DECEMBER 2024**

Amounts are expressed on the basis of 31 December 2024 purchasing power of Turkish Lira, unless otherwise mentioned

**10. INVESTMENT PROPERTIES**

In the peer comparison method, current market information was used, similar real estates recently put on the market in the region were taken into consideration, price adjustments were made within the framework of criteria that could affect the market value, and the average m2 sales value was determined for the plots subject to the report. The peers found were compared within the criteria such as location, size, zoning status, physical characteristics, real estate marketing companies were consulted for the current evaluation of the real estate market, and the current information of the independent professional valuation company was also used.

The Group assigned an independent valuation company licensed by the CMB to determine the market values of its investment properties and showed its investment properties at their fair values based on the valuation reports.

The change in value is recorded in the profit or loss statement. The valuation company used the market value method as valuation model as it was used in the valuation works performed in prior years. The fair value measurement is Level 2, and there has been no transition between levels for periods.

Detailed information of the lands owned by İzmir Demir Çelik Sanayi A.Ş. is presented below.

City	District	Village	Nature	Purchase cost	Fair Value 31 December 2024	Fair Value 31 December 2023
İzmir	Foça	Samurlu	Field	-	-	487.119.537
İzmir	Foça	Horozgediği	Field	47.644.995	50.000.000	47.644.995
İzmir	Foça	Horozgediği	Plot	11.117.165	11.300.000	11.117.165
İzmir	Foça	Çakmaklı	Plot	14.437.877	14.750.000	14.437.877
				<b>73.200.037</b>	<b>76.050.000</b>	<b>560.319.574</b>

As of the end of the period, there is no insurance coverage or collateral on investment properties. (31 December 2023: None).

	01.01-31.12.2024	01.01-31.12.2023
Beginning of the period	560.319.574	482.681.352
Change in fair value	2.849.963	77.638.222
Disposals	(487.119.537)	-
<b>Fair value at the end of the period</b>	<b>76.050.000</b>	<b>560.319.574</b>

31 December 2024	Level 1	Level 2	Level 3
<b>Non-financial assets</b>			
Investment properties	-	76.050.000	-

31 December 2023	Level 1	Level 2	Level 3
<b>Non-financial assets</b>			
Investment properties	-	560.319.574	-

(Convenience translation of consolidated financial statements originally issued in Turkish)

**İZMİR DEMİR ÇELİK SANAYİ A.Ş. and ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 DECEMBER 2024**

Amounts are expressed on the basis of 31 December 2024 purchasing power of Turkish Lira, unless otherwise mentioned

**11. PROPERTY, PLANT AND EQUIPMENT**

Movement in the property, plant and equipment is as follows.

	<b>Lands</b>	<b>Underground- aboveground Improvements</b>	<b>Buildings</b>	<b>Machinery and Equipment</b>	<b>Vehicles</b>	<b>Ships</b>	<b>Furniture and Fixtures</b>	<b>Leasehold Improvements</b>	<b>Construction in Progress</b>	<b>Total</b>
<b><u>Cost value</u></b>										
1 January 2024 opening	6.513.426.987	285.567.555	5.439.932.977	19.846.779.453	335.807.244	1.894.342.955	384.420.412	92.472.221	8.285.477.183	43.078.226.987
Additions	16.860.390	7.244.181	2.524.577	210.750.227	99.317.607	-	31.933.452	71.349	2.590.161.451	2.958.863.234
Disposals	-	-	-	(18.748.245)	(11.106.286)	(1.894.342.955)	(5.312.691)	-	-	(1.929.510.177)
Transfers	-	240.033.187	2.876.700.393	7.274.065.358	9.747.866	-	10.205.378	-	(10.410.752.182)	-
Impairment reversal	7.366.703	11.990.616	-	-	-	-	-	-	-	19.357.319
Impairment	(70.582.585)	(133.948.142)	(40.685.419)	(61.208.576)	-	-	-	-	-	(306.424.722)
Revaluation increase	57.590.129	(67.947.590)	(2.042.988.322)	(2.095.072.925)	-	-	-	-	-	(4.148.418.708)
<b>31 December 2024 closing balance</b>	<b>6.524.661.624</b>	<b>342.939.807</b>	<b>6.235.484.206</b>	<b>25.156.565.292</b>	<b>433.766.431</b>	<b>-</b>	<b>421.246.551</b>	<b>92.543.570</b>	<b>464.886.452</b>	<b>39.672.093.933</b>
<b><u>Accumulated depreciation</u></b>										
1 January 2024 opening	-	(166.810.990)	(1.719.218.953)	(7.279.717.877)	(248.627.658)	(1.184.839.937)	(283.624.859)	(91.441.396)	-	(10.974.281.670)
Additions	-	(23.396.444)	(200.723.517)	(1.513.800.945)	(32.310.285)	-	(29.837.722)	(486.769)	-	(1.800.555.682)
Disposals	-	-	-	11.835.202	5.089.225	1.184.839.937	5.312.691	-	-	1.207.077.055
Impairment reversal	-	(12.140.671)	-	-	-	-	-	-	-	(12.140.671)
<b>31 December 2024 closing balance</b>	<b>-</b>	<b>(202.348.105)</b>	<b>(1.919.942.470)</b>	<b>(8.781.683.620)</b>	<b>(275.848.718)</b>	<b>-</b>	<b>(308.149.890)</b>	<b>(91.928.165)</b>	<b>-</b>	<b>(11.579.900.968)</b>
<b>Net Book Value as of 1 January 2024</b>	<b>6.513.426.987</b>	<b>118.756.565</b>	<b>3.720.714.024</b>	<b>12.567.061.576</b>	<b>87.179.586</b>	<b>709.503.018</b>	<b>100.795.553</b>	<b>1.030.825</b>	<b>8.285.477.183</b>	<b>32.103.945.317</b>
<b>Net Book Value as of 31 December 2024</b>	<b>6.524.661.624</b>	<b>140.591.702</b>	<b>4.315.541.736</b>	<b>16.374.881.672</b>	<b>157.917.713</b>	<b>-</b>	<b>113.096.661</b>	<b>615.405</b>	<b>464.886.452</b>	<b>28.092.192.965</b>

**İZMİR DEMİR ÇELİK SANAYİ A.Ş. and ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 DECEMBER 2024**

Amounts are expressed on the basis of 31 December 2024 purchasing power of Turkish Lira, unless otherwise mentioned

The ships classified as operations discontinued in 2024 were sold for TL 898.751.523 on 6 May 2024. A profit of TL 189.248,505 was recorded from the sale transaction. During the period, TL 125.132.177 revenue and TL 93.144.767 service cost occurred from ship operations.

The depreciation expense of tangible fixed assets for current year is TL 1.800.555.682. As of end of the period, the depreciation expenses associated with tangible fixed assets and capitalized on inventories amounted to TL 95.673.695.

Construction in progress as of 31 December 2024 is composed of TL 320.728.251 for environmental infrastructure and melt shop investment expenditures within the frame of modernization of İzmir Demir Çelik Sanayi A.Ş., TL 41.899.415 for factory modernization of İDÇ Liman İşletmeleri A.Ş., TL 102.258.785 for the expenditures of İzdemir Enerji Elektrik Üretim A.Ş.

The un-revalued cost values and related accumulated depreciation of lands, underground and aboveground improvements, buildings and facilities, machinery and equipment are as follows.

<b>31 December 2024</b>	<b>Lands</b>	<b>Buildings and underground-aboveground improvements</b>	<b>Machinery and equipment</b>
Cost	572.625.620	5.760.738.869	15.545.784.273
Accumulated depreciation (-)	-	(1.534.586.589)	(5.261.914.403)
<b>Net Book Value</b>	<b>572.625.620</b>	<b>4.226.152.280</b>	<b>10.283.869.870</b>

<b>31 December 2023</b>	<b>Lands</b>	<b>Buildings and underground-aboveground improvements</b>	<b>Machinery and equipment</b>
Cost	618.981.112	2.783.960.198	8.131.427.575
Accumulated depreciation (-)	-	(1.415.085.991)	(4.564.063.238)
<b>Net Book Value</b>	<b>618.981.112</b>	<b>1.368.874.207</b>	<b>3.567.364.337</b>

<b>31 December 2024</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Lands	-	6.530.287.378	-
Underground-aboveground improvements	-	-	533.411.035
Buildings	-	-	8.319.157.948
Machinery and equipment	-	-	27.312.846.792

<b>31 December 2023</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Lands	-	6.513.426.987	-
Underground-aboveground improvements	-	-	285.567.555
Buildings	-	-	5.439.932.977
Machinery and equipment	-	-	19.846.779.453

(Convenience translation of consolidated financial statements originally issued in Turkish)

**İZMİR DEMİR ÇELİK SANAYİ A.Ş. and ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 DECEMBER 2024**

Amounts are expressed on the basis of 31 December 2024 purchasing power of Turkish Lira, unless otherwise mentioned  
 Movement in the property, plant and equipment is as follows for the period ended 31 December 2021:

	<b>Underground- aboveground Lands</b>	<b>Improvements</b>	<b>Buildings</b>	<b>Machinery and Equipment</b>	<b>Vehicles</b>	<b>Ships</b>	<b>Furniture and Fixtures</b>	<b>Leasehold Improvements</b>	<b>Construction in Progress</b>	<b>Total</b>
<b>Cost</b>										
1 January 2023 opening	3.190.508.948	253.196.519	4.129.802.689	15.687.964.207	301.721.056	1.827.885.718	348.390.894	92.472.221	2.385.980.768	28.217.923.020
Additions	745.378.935	7.793.830	34.417.378	165.118.365	36.909.704	-	36.998.845	-	6.137.831.992	7.164.449.049
Disposals	-	-	-	(15.152.653)	(2.823.516)	-	(969.327)	-	-	(18.945.496)
Transfers	-	14.443.879	44.794.589	179.097.109	-	-	-	-	(238.335.577)	-
Revaluation increase	2.768.159.292	16.537.351	1.188.179.731	3.755.201.672	-	-	-	-	-	7.728.078.046
Impairment reversal	-	-	42.738.590	74.550.753	-	66.457.237	-	-	-	183.746.580
Impairment	(190.620.188)	(6.404.024)	-	-	-	-	-	-	-	(197.024.212)
<b>31 December 2023 closing balance</b>	<b>6.513.426.987</b>	<b>285.567.555</b>	<b>5.439.932.977</b>	<b>19.846.779.453</b>	<b>335.807.244</b>	<b>1.894.342.955</b>	<b>384.420.412</b>	<b>92.472.221</b>	<b>8.285.477.183</b>	<b>43.078.226.988</b>
<b>Accumulated depreciation</b>										
1 January 2023 opening	-	(155.093.449)	(1.612.040.796)	(6.429.636.811)	(229.441.602)	(1.157.149.421)	(257.467.302)	(90.928.945)	-	(9.931.758.326)
Current year charge	-	(11.717.541)	(102.927.740)	(837.788.436)	(21.721.799)	-	(27.126.884)	(512.451)	-	(1.001.794.851)
Disposals	-	-	-	10.819.309	2.535.743	-	969.327	-	-	14.324.379
Impairment reversal	-	-	(4.250.417)	(23.111.939)	-	(27.690.516)	-	-	-	(55.052.872)
<b>31 December 2022 closing balance</b>	<b>-</b>	<b>(166.810.990)</b>	<b>(1.719.218.953)</b>	<b>(7.279.717.878)</b>	<b>(248.627.658)</b>	<b>(1.184.839.937)</b>	<b>(283.624.859)</b>	<b>(91.441.396)</b>	<b>-</b>	<b>(10.974.281.671)</b>
<b>Net Book Value as of 1 January 2023</b>	<b>3.190.508.948</b>	<b>98.103.070</b>	<b>2.517.761.893</b>	<b>9.258.327.396</b>	<b>72.279.454</b>	<b>670.736.297</b>	<b>90.923.592</b>	<b>1.543.276</b>	<b>2.385.980.768</b>	<b>18.286.164.694</b>
<b>Net Book Value as of 31 December 2023</b>	<b>6.513.426.987</b>	<b>118.756.565</b>	<b>3.720.714.024</b>	<b>12.567.061.576</b>	<b>87.179.586</b>	<b>709.503.018</b>	<b>100.795.553</b>	<b>1.030.825</b>	<b>8.285.477.183</b>	<b>32.103.945.317</b>

**İZMİR DEMİR ÇELİK SANAYİ A.Ş. and ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 DECEMBER 2024**

Amounts are expressed on the basis of 31 December 2024 purchasing power of Turkish Lira, unless otherwise mentioned

The depreciation expense of tangible fixed assets for the prior periods is TL 1.001.794.851. As of end of the period, the depreciation expenses associated with tangible fixed assets and capitalized on inventories amounted to TL 54.639.395.

Distribution of depreciation expenses relating to property, plant and equipment is as follows.

	<b>01.01.- 31.12.2024</b>	<b>01.01.- 31.12.2023</b>
Cost of goods sold	1.551.702.413	839.179.364
Cost of service	127.950.754	95.294.420
Capitalized on inventories	95.673.695	54.369.395
Capitalized on investment	847.962	1.018.418
General administrative expenses	24.380.858	11.933.253
	<b>1.800.555.682</b>	<b>1.001.794.851</b>

**12. RIGHT OF USE ASSETS**

<b>31 December 2024</b>	<b>Buildings</b>	<b>Vehicles</b>	<b>Machine equipment</b>	<b>Total</b>
<b><u>Cost value</u></b>				
Opening balance	133.732.360	76.958.222	246.590.321	457.280.903
Additions	-	9.680.425	-	9.680.425
Disposals	(17.587.949)	(9.231.443)	-	(26.819.392)
Closing Balance	116.144.412	77.407.203	246.590.321	440.141.936
<b><u>Accumulated depreciation</u></b>				
Opening balance	(30.393.719)	(36.528.944)	(106.799.722)	(173.722.385)
Cost for the period	(1.282.031)	(27.109.334)	(50.381.384)	(78.772.749)
Disposals	-	9.012.939	-	9.012.939
Closing balance	(31.675.749)	(54.625.340)	(157.181.106)	(243.482.195)
Net book value prior period	103.338.641	40.429.278	139.790.599	283.558.518
Net book value current period	84.468.663	22.781.863	89.409.215	196.659.742

The distribution of depreciation expenses is as follows.

Cost of goods sold	30.029.426
Service cost	21.633.989
General administrative expenses	27.109.334
	<b>78.772.749</b>

(Convenience translation of consolidated financial statements originally issued in Turkish)

**İZMİR DEMİR ÇELİK SANAYİ A.Ş. and ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 DECEMBER 2024**

Amounts are expressed on the basis of 31 December 2024 purchasing power of Turkish Lira, unless otherwise mentioned

<b>31 December 2023</b>	<b>Buildings</b>	<b>Vehicles</b>	<b>Machine equipment</b>	<b>Total</b>
<b><u>Cost value</u></b>				
Opening	100.809.143	77.803.068	246.590.321	425.202.532
Additions (*)	32.923.217	1.284.207	-	34.207.424
Disposals	-	(2.129.053)	-	(2.129.053)
Closing Balance	133.732.360	76.958.222	246.590.321	457.280.903
(*)Turned negative due to change in discount rate.				
<b><u>Accumulated depreciation</u></b>				
Opening	(18.328.935)	(20.709.518)	(56.418.337)	(95.456.790)
Cost for the period	(12.064.784)	(17.948.479)	(50.381.385)	(80.394.648)
Disposals	-	2.129.053	-	2.129.053
Closing balance	(30.393.719)	(36.528.944)	(106.799.722)	(173.722.385)
<b>Net book value prior period</b>	<b>82.480.208</b>	<b>57.093.550</b>	<b>190.171.984</b>	<b>329.745.742</b>
<b>Net book value current period</b>	<b>103.338.641</b>	<b>40.429.278</b>	<b>139.790.599</b>	<b>283.558.518</b>

**13. INTANGIBLE ASSETS**

<b>Cost values</b>	<b>Rights</b>
1 January 2024	63.705.649
Purchases	649.084
<b>31 December 2024</b>	<b>64.354.733</b>

**Accumulated amortization**

1 January 2024	(60.825.336)
Charge for the period	(1.025.713)
<b>31 December 2024</b>	<b>(61.851.049)</b>
<b>Net Book Value as of 1 January 2024</b>	<b>2.880.313</b>
<b>Net Book Value as of 31 December 2024</b>	<b>2.503.684</b>

**Prior Period:**

<b>Cost</b>	<b>Rights</b>
1 January 2023	63.296.100
Purchases	409.549
<b>31 December 2023</b>	<b>63.705.649</b>

**İZMİR DEMİR ÇELİK SANAYİ A.Ş. and ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 DECEMBER 2024**

Amounts are expressed on the basis of 31 December 2024 purchasing power of Turkish Lira, unless otherwise mentioned

**Accumulated amortization**

1 January 2023	(59.786.356)
Charge for the period	(1.038.980)
<b>31 December 2023</b>	<b>(60.825.336)</b>
<b>Net Book Value as of 1 January 2023</b>	<b>3.509.744</b>
<b>Net Book Value as of 31 December 2023</b>	<b>2.880.313</b>

Distribution of amortization expenses relating to intangible assets is as follows.

	<b>01.01.- 31.12.2024</b>	<b>01.01.- 31.12.2023</b>
Cost of goods sold	481.124	560.916
General administrative expenses	544.589	478.064
	<b>1.025.713</b>	<b>1.038.980</b>

**14. GOVERNMENT GRANTS AND INCENTIVES**

The Group has an income of TL 94.815.689 from insurance premium employer share incentive based on the Labor Law numbered 4857 and Social Insurance and General Health Insurance Law numbered 5510 (Prior period : TL 60.486.403). This incentive granted by government is not collected in cash but deducted from the accrued insurance premiums by treasury. The mentioned incentive income was off set against cost of goods sold in the financial statements.

**15. COMMITMENTS**

<b>Guarantees and bails received by the Group</b>	<b>31 December 2024</b>	<b>31 December 2023</b>
Letters of guarantee received	1.142.343.284	2.322.447.698
Bails received	43.070.769.943	52.638.829.354
	<b>44.213.113.226</b>	<b>54.961.277.052</b>

Letters of guarantee are composed of the letters received from local vendors in return for goods and services rendered by the vendors. Bails received comprise bails provided by the Group's related parties and shareholders for the bank borrowings.

<b>Bails received</b>	<b>EUR</b>	<b>USD</b>	<b>TL</b>	<b>Total TL</b>
31 December 2024	-	1.106.475.000	4.034.000.000	44.213.113.226
31 December 2023	33.260.000	1.118.990.000	3.514.732.989	52.638.829.354

Guarantees, pledges and mortgages that are given by the Group at the end of the period are as follows.

(Convenience translation of consolidated financial statements originally issued in Turkish)

**İZMİR DEMİR ÇELİK SANAYİ A.Ş. and ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 DECEMBER 2024**

Amounts are expressed on the basis of 31 December 2024 purchasing power of Turkish Lira, unless otherwise mentioned

GUARANTEE- PLEDGE-MORTGAGES (GPM)	31 December 2024			
	Original Currency			Total
	EUR	USD	TL	TL
A. Total amount of GPM given on behalf of own legal entities within Group	16.350.000	25.022.073	458.939.351	1.945.033.727
B. Total amount of GPM given in favor of consolidated subsidiaries	-	55.250.000	1.754.993.478	3.707.738.428
C. Total amount of GPM given for assurance of third parties' debts in order to conduct of usual business activities	-	-	-	-
D. Total amount of other GPM given	-	-	995.912	995.912
i. Total amount of GPM given in favor of parent company	-	-	-	-
ii. Total amount of GPM given in favor of other Group companies which B and C don't comprise	-	-	995.912	995.912
iii. Total amount of GPM given for third parties which C doesn't comprise	-	-	-	-
<b>Total</b>	<b>16.350.000</b>	<b>80.272.073</b>	<b>2.214.928.741</b>	<b>5.653.768.067</b>

GUARANTEE- PLEDGE-MORTGAGES (GPM)	31 December 2023			
	Original Currency			Total
	EUR	USD	TL	TL
A. Total amount of GPM given on behalf of own legal entities within Group	-	31.106.879	479.444.968	1.801.565.451
B. Total amount of GPM given in favor of consolidated subsidiaries	-	44.800.000	953.781.125	2.857.893.639
C. Total amount of GPM given for assurance of third parties' debts in order to conduct of usual business activities	-	-	-	-
D. Total amount of other GPM given	-	-	3.055.794	3.055.794
i. Total amount of GPM given in favor of parent company	-	-	-	-
ii. Total amount of GPM given in favor of other Group companies which B and C don't comprise	-	-	3.055.794	3.055.794
iii. Total amount of GPM given for third parties which C doesn't comprise	-	-	-	-
<b>Total</b>	<b>-</b>	<b>75.906.879</b>	<b>1.436.281.886</b>	<b>4.662.514.884</b>

GUARANTEE	31 December 2024			
	Original Currency			Total
	EUR	USD	TL	TL
Given to banks	16.350.000	24.822.073	53.280.000	1.532.305.626
Given to tax office	-	-	4.838.955	4.838.955
Given to EPIAŞ	-	-	75.000	75.000
Given to natural gas distribution companies	-	-	323.324.408	323.324.408
Given to customs office	-	-	15.001.181	15.001.181
Given to electricity distribution companies	-	-	48.453.825	48.453.825
Given to suppliers	-	200.000	-	7.068.760
Other letters of guarantee given	-	-	13.965.982	13.965.982
<b>Total</b>	<b>16.350.000</b>	<b>25.022.073</b>	<b>458.939.351</b>	<b>1.945.033.737</b>

(Convenience translation of consolidated financial statements originally issued in Turkish)

**İZMİR DEMİR ÇELİK SANAYİ A.Ş. and ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 DECEMBER 2024**

Amounts are expressed on the basis of 31 December 2024 purchasing power of Turkish Lira, unless otherwise mentioned

GUARANTEE	31 December 2023			
	Original Currency			Total
	EUR	USD	TL	TL
Given to banks	-	30.906.879	-	1.313.619.979
Given to tax office	-	-	4.647.486	4.647.486
Given to EPİAŞ	-	-	20.314.093	20.314.093
Given to natural gas distribution companies	-	-	395.478.149	395.478.149
Given to customs office	-	-	19.200.472	19.200.472
Given to electricity distribution companies	-	-	32.938.247	32.938.247
Given to suppliers	-	200.000	-	8.500.502
Other letters of guarantee given	-	-	6.866.520	6.866.522
<b>Total</b>	<b>-</b>	<b>31.106.879</b>	<b>479.444.968</b>	<b>1.801.565.451</b>

Detail of the bails that the Group and its subsidiaries are given for using various loans in favour of each other is as follows.

Bails given to fully consolidated companies	31 December 2024		
	Original Currency		Total
	USD	TL	TL
- Given to Akdemir Çelik Sanayi ve Ticaret A.Ş.	-	344.683.821	344.683.821
- Given to İDÇ Liman İşletmeleri A.Ş.	15.000.000	24.016.541	554.173.541
- Given to İzdemir Enerji Sanayi ve Ticaret A.Ş.	40.250.000	1.386.293.116	2.808.881.066
<b>Total</b>	<b>55.250.000</b>	<b>1.754.993.478</b>	<b>3.707.738.428</b>

Bails given to fully consolidated companies	31 December 2023		
	Original Currency		Total
	USD	TL	TL
- Akdemir Çelik Sanayi ve Ticaret A.Ş.	-	497.650.266	497.650.266
- İDÇ Liman İşletmeleri A.Ş.	15.000.000	28.408.748	665.946.420
- İzdemir Enerji Sanayi ve Ticaret A.Ş.	29.800.000	427.722.110	1.694.296.953
<b>Total</b>	<b>44.800.000</b>	<b>953.781.125</b>	<b>2.857.893.639</b>

**İZMİR DEMİR ÇELİK SANAYİ A.Ş. and ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 DECEMBER 2024**

Amounts are expressed on the basis of 31 December 2024 purchasing power of Turkish Lira, unless otherwise mentioned

**16. EMPLOYEE BENEFITS**

**Short-term employee benefits**

	<b>31 December 2024</b>	<b>31 December 2023</b>
Social security premiums payable	102.205.897	107.298.151
Payables to personnel	63.230.477	132.113.490
Income tax payable	48.920.388	8.349.739
	<b>214.356.762</b>	<b>247.761.380</b>

**Long-term employee benefits**

	<b>31 December 2024</b>	<b>31 December 2023</b>
Employee severance indemnity	288.527.739	215.181.499
Vacation pay liability	45.548.535	36.623.451
	<b>334.076.274</b>	<b>251.804.950</b>

Movement of employment termination benefits is as follows.

	<b>01.01.-</b>	<b>01.01.-</b>
	<b>31.12.2024</b>	<b>31.12.2023</b>
Employee Severance Indemnity		
Provision at the beginning of the period	215.181.499	328.187.735
Service cost	69.320.384	50.270.771
Interest cost	41.731.080	49.793.944
Actuarial loss / (gain)	87.856.215	30.906.816
Payment during the year	(59.419.509)	(114.965.805)
Monetary loss/(gain)	(66.141.930)	(129.011.961)
<b>Provision at the end of the period</b>	<b>288.527.739</b>	<b>215.181.499</b>

Actuarial loss/gain is recognized in other comprehensive income. A total of TL 5.009.425 has been capitalized on investments arising from benefits provided to employees directly related to the acquisition or construction of tangible fixed assets, to the extent permitted by the TAS 16 tangible fixed assets standard.

Under the Turkish Labor Law, employees whose contracts are terminated by the employer for reasons set by the law are entitled to be paid compensation. As of 31 December 2024, the amount payable as compensation for each year served is equal to one month's salary subject to a ceiling of TL 46.655,43 (31 December 2023: TL 23.489,83)

Employee severance indemnity is not subject to any funding as statutory requirement. Employee severance indemnity of the Group has been calculated as expressed in Note 2. The liability is computed on a thirty day wage base with a maximum of TL 46.655,43 for each year of service and utilizing the rates on date of retirement or departure.

**İZMİR DEMİR ÇELİK SANAYİ A.Ş. and ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 DECEMBER 2024**

Amounts are expressed on the basis of 31 December 2024 purchasing power of Turkish Lira, unless otherwise mentioned

Based on the basis that is mentioned above, the Group calculated provisions for employee severance indemnity and recorded to the financial statements by estimating the present value of the future probable obligation arising from the retirement of the employees.

Accordingly, the following actuarial assumptions were used in the calculation of the provision.

	<b>31 December 2024</b>	<b>31 December 2023</b>
Inflation rate	% 23	% 22
Nominal interest rate	% 28	% 25
Real discount rate	% 3,79	% 2,46

The sensitivity analysis prepared for the effect of changes in the important assumptions used in the calculation of the severance pay provision on the provision calculation is as follows.

<b>31 December 2024</b>	Net discount rate		Probability of retirement rate	
	% 0,5 decrease	% 0,5 increase	% 1 decrease	% 1 increase
Sensitivity Level				
Percentage %	%3,29	%4,29	%96	%98
Change in severance pay liability	11.180.595	(10.707.826)	(20.852.278)	23.192.517

<b>31 December 2023</b>	Net discount rate		Probability of retirement rate	
	% 0,5 decrease	% 0,5 increase	% 1 decrease	% 1 increase
Sensitivity Level				
Percentage %	%1,96	%2,96	%96	%98
Change in severance pay liability	11.263.382	(10.524.958)	(18.640.026)	21.278.263

The Group's expected probability rate to pay the employee severance indemnity is 97% except those quitting their jobs on their own wish and those not eligible for severance pay (31 December 2023: 97%).

Movement of the vacation pay liability is as follows.

	<b>01.01.- 31.12.2024</b>	<b>01.01.- 31.12.2023</b>
Beginning of the period	36.623.451	31.387.012
Change for the period	20.182.305	17.574.803
Monetary gain/(loss)	(11.257.221)	(12.338.364)
<b>End of the period</b>	<b>45.548.535</b>	<b>36.623.451</b>

The amount of leave allowance is calculated by multiplying the remaining leave days by the daily wage. Current period allowance expenses are shown in the long-term provisions provided to employees in the consolidated financial statements. To the extent permitted by the TAS 16 tangible fixed assets standard, leave allowances of individuals working directly on the acquisition or construction of tangible fixed assets are capitalized on investments.

**İZMİR DEMİR ÇELİK SANAYİ A.Ş. and ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 DECEMBER 2024**

Amounts are expressed on the basis of 31 December 2024 purchasing power of Turkish Lira, unless otherwise mentioned

**17. EXPENSES BY NATURE**

Expenses by nature consist of cost of goods sold, general administration expenses, sales and marketing expenses and other expenses from operating activities

	<b>01.01.-</b> <b>31.12.2024</b>	<b>01.01.-</b> <b>31.12.2023</b>
Raw material and auxiliary material expenses	42.727.168.075	42.010.300.825
Personnel and labor expenses	2.633.086.840	2.030.114.301
Depreciation and amortization expense	1.783.832.487	1.027.840.666
General manufacturing expenses	7.338.477.248	3.962.974.794
Change in inventories	(5.624.967.155)	-974.306.424
Other	786.071.239	2.190.455.389
	<b>49.643.668.734</b>	<b>50.247.379.551</b>

**18. FEES PAID FOR SERVICES PROVIDED BY INDEPENDENT AUDIT FIRM**

Based on the board decision regarding the announcement of audit fees published in the Official Gazette by the Public Oversight, Accounting and Auditing Standards Authority, the group's reporting period independent audit service fees are explained below.

a. Audit Fee: TL 4.320.000 TL (Previous period: TL 2.764.853)

b. Fees for Other Services:

• Fee for Other Assurance Services: No service received.  
(Previous period: No service received)

• Fee for Tax Consultancy Services No service received.  
(Previous period: No service received)

• Fees for Other Services Other than Independent Audit: 69,302 TL  
(Previous period: No service received)

**19. OTHER ASSETS AND LIABILITIES**

**Other Current Assets**

	<b>31 December 2024</b>	<b>31 December 2023</b>
Deferred VAT	15.862.832	75.142.508
Prepaid tax	68.185.077	8.601.209
Other	3.684.208	1.990.641
	<b>87.732.117</b>	<b>85.734.358</b>

**İZMİR DEMİR ÇELİK SANAYİ A.Ş. and ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 DECEMBER 2024**

Amounts are expressed on the basis of 31 December 2024 purchasing power of Turkish Lira, unless otherwise mentioned

**Other Current Liabilities**

	<b>31 December 2024</b>	<b>31 December 2023</b>
VAT payable	99.991.037	6.731.066
Other liabilities	24.153	279.416
	<b>100.015.190</b>	<b>7.010.482</b>

**Liabilities from Customer Contracts**

	<b>31 December 2024</b>	<b>31 December 2023</b>
Advances received from customers	959.248.844	695.074.637
	<b>959.248.844</b>	<b>695.074.637</b>

These are cash advances and the performance obligations will be fulfilled by delivering the products based on customer demands within 1-2 months on average.

**Short-term deferred revenue**

	<b>31 December 2024</b>	<b>31 December 2023</b>
Income relating to future months	10.424.899	10.426.183
	<b>10.424.899</b>	<b>10.426.183</b>

**Long-term deferred revenue**

	<b>31 December 2024</b>	<b>31 December 2023</b>
Income relating to future years	3.474.966	13.898.062
	<b>3.474.966</b>	<b>13.898.062</b>

**20. CAPITAL, RESERVES AND OTHER EQUITY ITEMS**

**Paid in Capital**

The Company adopted registered paid- in capital system pursuant to the articles of the Law numbered 2499 after the permission from the Capital Market Board on 22 August 1984. The Company's registered capital is TL 1.500.000.000.000; shares are divided into 150.000.000.000 each with a nominal value of Kurus 1.

The permission granted by the Capital Market Board to be on the registered capital ceiling is valid for the years between 2022 and 2026 (5 years). Board of directors cannot take decision after 2025 for increase of capital even if the registered capital ceiling allowed till the end of 2024 is not reached. It is compulsory to obtain authorization for a new capital ceiling from the General Assembly provided that the Capital Market Board endorses the ceiling. If mentioned authority is not taken, the Company is deemed to have come out from the registered capital system.

The Company's issued share capital is, fully paid TL 1.500.000.000. This capital is formed in total 150.000.000.000 unit shares of Group A which has 800 units written to name each valued 1 Kurus and of Group B which has 149.999.999.200 units written to name each valued 1 Kurus. Registration to stock register of the shares written to name is subject to the approval of the Board. Registered shares may be withheld from the record by the Group even with no reason.

**İZMİR DEMİR ÇELİK SANAYİ A.Ş. and ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 DECEMBER 2024**

Amounts are expressed on the basis of 31 December 2024 purchasing power of Turkish Lira, unless otherwise mentioned  
The capital structure is as follows.

<b>Shareholders</b>	<b>(%)</b>	<b>31 December 2024</b>	<b>(%)</b>	<b>31 December 2023</b>
Şahin – Koç Çelik Sanayi A.Ş.	58,13	871.889.341	58,13	871.889.341
Other (Publicly traded)	41,87	628.110.659	41,87	628.110.659
<b>Capital with historic value</b>	<b>100</b>	<b>1.500.000.000</b>	<b>100</b>	<b>1.500.000.000</b>

Group A shares are the privileged shares. More than the half of the Members of Board of Directors is elected from the owners of Group A shares at the General Assembly. After distribution of first dividends founding shareholders are entitled to receive 10% of the remaining profit. Then, Board of Directors are entitled to receive 10% of the remaining profit.

**Premiums in capital stock**

	<b>31 December 2024</b>	<b>31 December 2023</b>
Premiums in capital stock	1.381.498.106	1.578.309.374
	<b>1.381.498.106</b>	<b>1.578.309.374</b>

**Capital structure adjustment**

	<b>31 December 2024</b>	<b>31 December 2023</b>
Inflation adjustment on capital	12.738.377.078	12.738.377.078
	<b>12.738.377.078</b>	<b>12.738.377.078</b>

**Legal Reserves**

	<b>31 December 2024</b>	<b>31 December 2023</b>
Legal reserves	444.053.762	444.053.762
	<b>444.053.762</b>	<b>444.053.762</b>

The legal reserves are comprised of first and second reserves, appropriated in accordance with the Turkish Commercial Code. The code stipulates that the first legal reserve is appropriated out of statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the company's paid-in share capital. Secondary legal reserve funds are allocated at a rate of 1/10 of all cash dividend distributions exceeding 5 percent of the company's capital in cases where profit distribution is made according to CMB regulations, and at a rate of 1/11 of all cash dividend distributions exceeding 5 percent of the company's capital in cases where profit distribution is made according to legal records.

The first and second legal reserve funds cannot be distributed unless they exceed 50 percent of the total capital; however, they can be used to cover losses in the event that the optional reserve funds are exhausted.

Publicly-traded companies are obligated to execute distribution of dividend in compliance with the communique No. II-19.1 issued by the CMB, effective from 1 February 2014. Companies distribute dividends in accordance with their dividend policies settled and dividend payment decision taken in general assembly and also conforming to relevant legislations. The communique does not dictate a minimum dividend rate. Companies distribute dividend in accordance with the frame defined in their dividend policy or articles of incorporation. Furthermore, dividend can be distributed by fixed or variable instalments and advance dividend can be paid on the profit reported on interim financial statements.

**İZMİR DEMİR ÇELİK SANAYİ A.Ş. and ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 DECEMBER 2024**

Amounts are expressed on the basis of 31 December 2024 purchasing power of Turkish Lira, unless otherwise mentioned

**Retained Earnings/(Losses)**

	<b>31 December 2024</b>	<b>31 December 2023</b>
Retained Earnings/(Losses)	(421.265.246)	(869.251.502)
	<b>(421.265.246)</b>	<b>(869.251.502)</b>

Retained earnings in legal books can be distributed taking the following article into consideration. In accordance with the Communiqué II, No: 14.1; at the first time application of inflation adjustments on financial statements, equity items, namely Share Premiums, Legal Reserves, Statue Reserves, Special Reserves and Extraordinary Reserves were carried at nominal value in the statement of financial position and inflation differences of such items were presented in equity under the retained earnings in total.

The comparison of the relevant equity items presented by the Company in its financial statements as adjusted for inflation as of December 31, 2024 with the inflation-adjusted amounts in its financial statements prepared in accordance with Law No. 6762 and other legislation is as follows:

<b>31 December 2024</b>	<b>Historical amount</b>	<b>Indexed amount</b>	<b>Monetary gain/loss adjustments</b>
Adjustments to paid in capital	14.886.082.987	12.738.377.078	2.147.705.909
Premiums in capital stock	1.869.273.976	1.381.498.106	487.775.870
Legal reserves	604.193.968	444.053.762	160.140.206
	<b>17.359.550.931</b>	<b>14.563.928.946</b>	<b>2.795.621.985</b>

**Revaluation Fund Gains and Losses**

Revaluation Fund Gains and Losses are composed of increases/decreases on valuation of tangible fixed asset and actuarial gains/losses on employee benefits.

With amendments to standard of TAS 19 Employee Benefits, actuarial gains and losses taken into consideration in calculation of severance indemnity provision are not allowed to be accounted in profit or loss statement. Gains and losses arising from changes in actuarial assumptions are recorded as revaluation fund gains and losses in equity.

Movement of Revaluation Fund Gains/ (Losses) is as follows.

	<b>01.01.- 31.12.2024</b>	<b>01.01.- 31.12.2023</b>
Beginning of the period	5.255.086.735	(139.533.921)
Revaluation fund	(2.816.966.633)	5.725.502.986
Depreciation transfer from revaluation fund	(368.486.941)	-
Deferred tax calculated over depreciation	92.121.735	-
Losses on revaluation of employee benefits	(84.701.333)	(30.472.130)
Deferred tax calculated on losses on revaluation of employee benefits	21.175.333	14.391.045
Effect of change in minority shares	-	(314.801.245)
<b>End of the period</b>	<b>2.077.073.437</b>	<b>5.255.086.735</b>

(Convenience translation of consolidated financial statements originally issued in Turkish)

**İZMİR DEMİR ÇELİK SANAYİ A.Ş. and ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 DECEMBER 2024**

Amounts are expressed on the basis of 31 December 2024 purchasing power of Turkish Lira, unless otherwise mentioned

**Non-Controlling Interests**

	<b>31 December 2024</b>	<b>31 December 2023</b>
Shares in capital	916.158.418	163.821.418
Capital inflation adjustment differences	726.734.173	1.084.713.538
Premiums related to shares	819.863.140	623.051.872
Revaluation fund	98.695.119	389.826.926
Losses on revaluation of employee benefits	(10.296.374)	(5.460.284)
Shares in accumulated profit / (losses)	2.437.451.271	1.375.925.558
Mutual participation capital adjustment	(176.995.783)	(26.127.327)
Share in profit / (loss) for the period	(290.328.630)	456.078.874
	<b>4.521.281.334</b>	<b>4.061.830.574</b>

**21. REVENUE AND COST OF SALES**

	<b>01.01.- 31.12.2024</b>	<b>01.01.- 31.12.2023</b>
Domestic sales	38.497.639.588	40.696.860.860
Export sales	8.058.483.693	10.030.800.858
Sales returns (-)	(9.600.795)	(31.818.267)
Other deductions from sales (-) (*)	(2.468.812)	(3.698.066)
<b>Revenue</b>	<b>46.544.053.674</b>	<b>50.692.145.385</b>
Cost of goods sold	(47.582.893.429)	(48.287.004.343)
Cost of merchandise sold	(1.006.545.170)	(553.179.283)
Cost of services	(361.685.140)	(321.912.518)
<b>Cost of Sales</b>	<b>(48.951.123.739)</b>	<b>(49.162.096.144)</b>
<b>Gross Profit</b>	<b>(2.407.070.065)</b>	<b>1.530.049.241</b>

Details of the reportable segments used in management reporting are disclosed in Note 3. In the sale of goods, when control of the asset is transferred to the customer, the asset is transferred and revenue is recognized.

**22. GENERAL ADMINISTRATIVE EXPENSES, MARKETING EXPENSES, RESEARCH AND DEVELOPMENT EXPENSES**

	<b>01.01.- 31.12.2024</b>	<b>01.01.- 31.12.2023</b>
General administrative expenses	526.392.271	473.950.226
Marketing expenses	166.215.724	199.352.411
	<b>692.607.995</b>	<b>673.302.637</b>

**İZMİR DEMİR ÇELİK SANAYİ A.Ş. and ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 DECEMBER 2024**

Amounts are expressed on the basis of 31 December 2024 purchasing power of Turkish Lira, unless otherwise mentioned

**General Administrative Expenses**

	<b>01.01.-</b>	<b>01.01.-</b>
	<b>31.12.2024</b>	<b>31.12.2023</b>
Personnel expenses	304.464.702	243.121.056
Depreciation and amortization expenses	52.034.781	37.216.373
Taxes and other legal dues	24.790.782	26.004.050
Information technology expenses	14.154.560	11.102.712
Counselling and consultation expenses	13.949.500	15.566.818
Subscription expenses	11.768.811	8.122.084
Representation and accommodation expenses	9.696.901	10.141.979
Employee termination benefit expenses	9.604.609	14.192.869
Insurance expenses	9.017.930	7.545.598
Communication expenses	5.115.015	5.158.210
Electricity market operating expenses	4.203.615	3.141.269
Other expenses	67.528.065	92.637.207
	<b>526.329.271</b>	<b>473.950.226</b>

**Marketing Expenses**

	<b>01.01.-</b>	<b>01.01.-</b>
	<b>31.12.2024</b>	<b>31.12.2023</b>
Transportation expenses	62.847.926	49.983.583
Personnel expenses	37.323.728	31.526.540
Port services	23.259.392	32.863.438
Commission expenses	13.008.036	57.423.542
Export expenses	9.491.279	9.714.419
Other expenses	20.285.363	17.840.889
	<b>166.215.724</b>	<b>199.352.411</b>

**23. OTHER INCOME AND EXPENSES FROM OPERATING ACTIVITIES**

**Other Income from Operating Activities**

	<b>01.01.-</b>	<b>01.01.-</b>
	<b>31.12.2024</b>	<b>31.12.2023</b>
Foreign exchange gains	133.577.663	125.072.613
Reversal of provisions	83.578.300	637.284
Indemnity income	35.903.734	27.351.947
Profit from sale of operating equipment, raw material	9.494.663	43.221.158
Rediscount income	5.176.859	18.674.932
Income from saving group	21.867.452	25.115.969
Promotional revenue	7.852.721	-
Income from delay fees	1.187.514	22.711.461
Other	32.769.830	40.930.666
	<b>331.408.736</b>	<b>303.716.030</b>

(Convenience translation of consolidated financial statements originally issued in Turkish)

**İZMİR DEMİR ÇELİK SANAYİ A.Ş. and ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 DECEMBER 2024**

Amounts are expressed on the basis of 31 December 2024 purchasing power of Turkish Lira, unless otherwise mentioned

**Other Expenses from Operating Activities**

	<b>01.01.-</b>	<b>01.01.-</b>
	<b>31.12.2024</b>	<b>31.12.2023</b>
Loss from sale of merchandise	-	86.598.474
Doubtful receivables	3.695.171	785.524
TFRS9 expected credit losses	20.146.728	16.597.096
Severance pay plan change impact	-	10.438.699
Cost of transport services delivered	5.522.376	9.301.740
Other	9.092.162	17.772.218
	<b>38.456.437</b>	<b>141.493.751</b>

**24. INCOME AND EXPENSES FROM INVESTING ACTIVITIES**

**Income from Investing Activities**

	<b>01.01.-</b>	<b>01.01.-</b>
	<b>31.12.2024</b>	<b>31.12.2023</b>
Investment property sales profit	184.073.668	-
Foreign currency protected time deposits	170.723.291	450.229.461
Fixed asset impairment reversal	7.216.648	128.693.709
Investment property value increase	2.849.963	77.638.222
Dividend income from affiliates	217.178	-
Fair value gain of foreign currency protected time deposits	-	32.682.780
	<b>365.080.748</b>	<b>689.244.172</b>

**Expenses from Investing Activities**

	<b>01.01.-</b>	<b>01.01.-</b>
	<b>31.12.2024</b>	<b>31.12.2023</b>
Impairment losses on fixed asset	306.424.722	197.024.212
Loss on sales of property, plant and equipment	3.433.798	1.039.464
	<b>309.858.520</b>	<b>198.063.676</b>

(Convenience translation of consolidated financial statements originally issued in Turkish)

**İZMİR DEMİR ÇELİK SANAYİ A.Ş. and ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 DECEMBER 2024**

Amounts are expressed on the basis of 31 December 2024 purchasing power of Turkish Lira, unless otherwise mentioned

**25. FINANCIAL INCOME AND EXPENSES**

**Financial Income**

	<b>01.01.-</b>	<b>01.01.-</b>
	<b>31.12.2024</b>	<b>31.12.2023</b>
Interest income	728.786.983	165.615.711
Foreign exchange gain	153.219.287	399.786.916
Profit on derivative financial instruments	10.937.922	26.528.135
Fair value difference of financial instruments	2.279.746	-
Letter of credit premium income	144.963	6.948.380
	<b>895.368.901</b>	<b>598.879.142</b>

**Financial Expenses**

	<b>01.01.-</b>	<b>01.01.-</b>
	<b>31.12.2024</b>	<b>31.12.2023</b>
Foreign exchange loss	2.928.983.453	7.575.586.795
Interest expenses	2.103.915.590	1.731.903.171
Bank charges and commissions	145.310.539	329.951.072
Interest expense related to employee benefits	47.899.923	50.916.388
Fair value difference of financial instruments	-	14.550.006
Loss on derivative financial instruments	-	16.489.703
	<b>5.226.109.505</b>	<b>9.719.397.135</b>

**26. ANALYSIS OF OTHER COMPREHENSIVE INCOME COMPONENTS**

	<b>01.01.-</b>	<b>01.01.-</b>
	<b>31.12.2024</b>	<b>31.12.2023</b>
Fixed assets revaluation increase	(4.148.418.708)	7.728.078.046
Deferred tax effect of fixed assets revaluation	1.037.104.676	(1.932.019.512)
Losses on revaluation of employee benefits	(87.856.215)	(30.906.816)
Deferred tax calculated on losses on revaluation of employee benefits	21.964.054	14.534.295
	<b>(3.177.206.193)</b>	<b>5.779.686.013</b>

**İZMİR DEMİR ÇELİK SANAYİ A.Ş. and ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 DECEMBER 2024**

Amounts are expressed on the basis of 31 December 2024 purchasing power of Turkish Lira, unless otherwise mentioned

**27. INCOME TAXES (INCLUDED DEFERRED TAX ASSETS AND LIABILITIES)**

<b>Corporate Tax Payable</b>	<b>31 December 2024</b>	<b>31 December 2023</b>
Provision for corporate tax transferred	-	66.979.817
Provision for corporate tax payable	9.990.095	57.487.671
Prepaid taxes and funds	(9.990.095)	(31.703.320)
	-	<b>92.764.168</b>
	<b>01.01.-</b>	<b>01.01.-</b>
<b>Tax Provision for the Period</b>	<b>31.12.2024</b>	<b>31.12.2023</b>
Corporate tax expense	(9.990.095)	(72.792.021)
Deferred tax income / (expense)	132.278.060	1.183.440.051
Tax effect of in accordance with the law no 7440	-	(49.094.797)
	<b>122.287.965</b>	<b>1.061.553.233</b>

Corporate Tax

The Company and its subsidiaries are subject to corporate tax in Turkey. In previous periods, the corporate tax rate was applied as 20%. With the law numbered 7456 published in the Official Gazette dated July 15, 2023, the corporate tax rate will be applied as 25% for 2023 and the following periods. In Turkey, provisional tax is calculated and accrued on a quarterly basis. Losses can be carried forward for a maximum of 5 years to be deducted from the taxable profit to be generated in the following years. As of the end of the period, provisional tax is calculated and paid at a rate of 25% on the profits generated on a quarterly basis in accordance with the tax legislation, and the amounts paid in this way are offset from the tax calculated on the annual corporate profit. With the amendment added to Article 32 of the Corporate Tax Law, these rates are applied with a 5-point discount on the profits obtained from production activities and exports.

Corporate tax is calculated on the tax base remaining after adding expenses that are recorded as expenses in determining commercial profit but cannot be deducted from the tax base and deducting dividends received from companies resident in the country and income that is not subject to tax.

Deferred Tax:

The Group calculates deferred tax assets and liabilities by taking into account the effects of temporary differences arising from different evaluations between the financial statements prepared in accordance with TAS of the financial position statement items. These differences generally arise from the fact that the tax base amounts of some income and expense items are included in different periods in the financial statements prepared in accordance with Turkish Accounting Standards and are explained below.

Deferred tax assets can only be recognized if it is probable that sufficient taxable profit will be generated in future periods. In cases where a tax advantage is probable, deferred tax assets are calculated from previous year losses.

Tax legislation in Turkey does not allow companies to file consolidated corporate tax returns. In this respect, deferred tax assets and liabilities of the parent company and subsidiaries cannot be netted from each other and are shown separately.

A tax rate of 25% was applied in the calculation of deferred tax. Deferred tax assets were not capitalized from the current period financial loss. The items that constitute the basis for deferred tax and corporate tax are stated below.

**İZMİR DEMİR ÇELİK SANAYİ A.Ş. and ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 DECEMBER 2024**

Amounts are expressed on the basis of 31 December 2024 purchasing power of Turkish Lira, unless otherwise mentioned

	31 December 2024	31 December 2024	31 December 2023	31 December 2023
	Temporary Difference	Deferred Tax	Temporary Difference	Deferred Tax
<b>Deferred Tax Assets</b>				
Inventories	394.836.150	98.709.037	-	-
Employee termination benefits	288.527.738	72.131.934	215.181.499	53.795.374
Vacation pay liability	45.548.535	11.387.134	36.623.451	9.155.862
Trade receivables	42.584.943	10.646.236	41.373.130	10.343.282
Property, plant and equipment and intangible assets	-	-	3.718.798.073	929.699.516
Other current assets	207.814.708	51.953.677	264.182.829	66.045.708
Financial debts	72.681.844	18.170.461	-	-
Fair values of derivative financial instruments	-	-	3.148.124	787.032
Provision for collective agreement wage differences	-	-	112.156.531	28.039.133
Other	5.809.922	1.452.480	10.466.424	2.616.605
Financial investment	8.409.788	2.102.447	11.202.336	2.800.584
Tax losses carried forward		155.893.985		144.751.738
Tax deduction for Investment incentive		368.186.514		437.009.483
Assets stemming from capital increase tax incentive		367.395.401		295.044.460
		<b>1.158.029.306</b>		<b>1.980.088.777</b>
<b>Deferred Tax Liabilities</b>				
Fair values of fixed assets	(2.679.778.800)	(669.944.700)	(10.416.717.161)	(2.604.179.290)
Investment properties	(75.419.232)	(9.427.404)	(557.055.274)	(69.631.909)
Inventories	-	-	(727.195.359)	(181.798.840)
Property, plant and equipment and intangible assets	(1.133.424.956)	(283.356.239)	(312.046.894)	(78.011.732)
Cash and equivalents	(755.154)	(188.789)	(3.887.595)	(971.899)
Fair values of derivative financial instruments	(99.284)	(24.821)	-	-
Financial debts	-	-	(104.498.632)	(26.124.657)
Trade payables	(15.634.657)	(3.908.664)	(13.815.621)	(3.453.905)
Lease operations	(46.848.576)	(11.712.144)	(111.187.159)	(27.796.790)
		<b>(978.562.761)</b>		<b>(2.991.969.022)</b>
<b>Net Deferred Tax Liabilities</b>		<b>179.466.545</b>		<b>(1.011.880.245)</b>
<b>Statement of Financial Position</b>		<b>31 December 2024</b>		<b>31 December 2023</b>
Deferred Tax Assets		179.466.545		120.094.295
Deferred Tax Liabilities		-		1.131.974.540
<b>Net asset</b>		<b>179.466.545</b>		<b>(1.011.880.245)</b>

**Tax Advantages Obtained Under the Investment Incentives**

Group's subsidiary İzdemir Enerji Elektrik Üretim A.Ş. has received two investment incentive certificates, dated 21.06.2023 and numbered 555185 and dated 19.10.2023, for a period of 3 years, from the Ministry of Industry and Technology of the Republic of Turkey. The total amount of the incentive certificates is TL 1,524,688,262 as of the report date. The investment incentive certificate in question was obtained for the solar power plant investment to be established by the subsidiary in the field of renewable energy production on the lands it owns in Manisa province. Within the scope of the investment incentive, 30% investment contribution rate, employer's share of insurance premium (6 years) and VAT exemption support elements will be used. The said state contribution will be provided by paying less corporate tax to be paid in the future periods. In the current period, TL 1,312,650,791

**İZMİR DEMİR ÇELİK SANAYİ A.Ş. and ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 DECEMBER 2024**

Amounts are expressed on the basis of 31 December 2024 purchasing power of Turkish Lira, unless otherwise mentioned

investment expense was made within the scope of the investment incentive certificate. As a result of this expense, TL 368,186,514, which can be deducted from corporate tax in future periods, has been accounted for as a deferred tax asset in the consolidated financial statements. The tax asset in question is expected to be used within 5-10 years.

Income and financial profit projections were made in the consolidated financial statements for deferred tax assets arising from investment incentives. In the projections, it was assumed that the investment would be completed in 2024 and start generating income. Long-term inflation and exchange rates were taken as estimates. Any deviation in the realizations of these assumptions will not affect the recoverability of the tax asset, but will affect the period in which it will be recovered.

There is no time limit for the use of the tax deduction to be obtained from the investment incentive certificate. The company management still foresees that it will be able to obtain taxable financial profit in the short term in the future in its profit projections. On the other hand, according to the provision added to Article 32/A of the Corporate Tax Law by Law No. 6745; provided that the investment is completed, the remaining investment contribution amount, excluding the part benefited by applying the reduced corporate tax, can be taken into account by increasing it according to the revaluation rate determined for these years in accordance with the provisions of the Tax Procedure Law in the years following the accounting period in which the investment is completed. With this regulation, in cases where the investor's earnings are not sufficient or there is no taxable income due to other reasons such as exemption discounts, the contribution amounts that cannot be used and transferred to the following periods are prevented from melting against inflation. However, the indexation application in question can be applied starting from the accounting periods following the accounting period in which the investment ends.

<b>Movements Deferred Tax Asset / (Liability)</b>	<b>01.01.- 31.12.2024</b>	<b>01.01.- 31.12.2023</b>
Balance at the beginning of the period	(1.011.880.245)	(277.835.079)
Tax effect of actuarial loss /(gain) of severance indemnity	21.964.055	14.534.295
Deferred tax income	132.278.060	1.183.440.051
Tax effect of fair values of fixed assets	1.037.104.675	(1.932.019.512)
<b>Balance at the end of the period</b>	<b>179.466.545</b>	<b>(1.011.880.245)</b>

	<b>1 January 2024</b>	<b>Recognised in profit loss statement</b>	<b>Recognized in comprehensive income statement</b>	<b>31 December 2024</b>
<b>Deferred Tax Assets</b>				
Inventories	-	98.709.037	-	98.709.037
Employee termination benefits	53.795.374	(3.627.495)	21.964.055	72.131.934
Vacation pay liability	9.155.862	2.231.271	-	11.387.133
Trade receivables	10.343.282	302.954	-	10.646.236
Property, plant and equipment and intangible assets	929.699.516	(929.699.516)	-	-
Other current assets	66.045.708	(14.092.031)	-	51.953.677
Financial liabilities	-	18.170.461	-	18.170.461
Fair values of derivative financial instruments	787.032	(787.032)	-	-
Provision for collective agreement wage differences	28.039.133	(28.039.133)	-	-
Other	2.616.605	(1.164.125)	-	1.452.480
Financial investment	2.800.584	(698.137)	-	2.102.447
Tax losses carried forward	144.751.738	11.142.247	-	155.893.985
Tax deduction for Investment incentive	437.009.483	(68.822.969)	-	368.186.514
Assets stemming from capital increase tax incentive	295.044.460	72.350.941	-	367.395.401
	<b>1.980.088.777</b>	<b>(844.023.526)</b>	<b>21.964.055</b>	<b>1.158.029.306</b>

**İZMİR DEMİR ÇELİK SANAYİ A.Ş. and ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 DECEMBER 2024**

Amounts are expressed on the basis of 31 December 2024 purchasing power of Turkish Lira, unless otherwise mentioned

<b>Deferred Tax Liabilities</b>				
Fair value measurements of Property, plant and equipment	(2.604.179.290)	897.129.915	1.037.104.675	(669.944.700)
Investment properties	(69.631.909)	60.204.505	-	(9.427.404)
Inventories	(181.798.840)	181.798.840	-	-
Property, plant and equipment and intangible assets	(78.011.732)	(205.344.507)	-	(283.356.239)
Cash and cash equivalents	(971.899)	783.110	-	(188.789)
Fair values of derivative financial instruments	-	(24.821)	-	(24.821)
Financial liabilities	(26.124.657)	26.124.657	-	-
Trade payables	(3.453.905)	(454.759)	-	(3.908.664)
Lease operations	(27.796.790)	16.084.646	-	(11.712.144)
	<b>(2.991.969.022)</b>	<b>976.301.586</b>	<b>1.037.104.675</b>	<b>(978.562.761)</b>
<b>Net Deferred Tax Assets/ (Liabilities)</b>	<b>(1.011.880.245)</b>	<b>132.278.060</b>	<b>1.059.068.730</b>	<b>179.466.545</b>

	<b>1 January 2023</b>	<b>Recognised in profit loss statement</b>	<b>Recognized in other comprehensive income</b>	<b>31 December 2023</b>
<b>Deferred Tax Assets</b>				
Inventories	14.066.604	(14.066.604)	-	-
Employee termination benefits	65.637.546	(26.376.467)	14.534.295	53.795.374
Vacation pay liability	6.277.403	2.878.461	-	9.155.862
Trade receivables	37.060.037	(26.716.755)	-	10.343.282
Property, plant and equipment and intangible assets	492.140.421	437.559.098	-	929.699.516
Other current assets	-	66.045.708	-	66.045.708
Financial liabilities	5.148.626	(5.148.626)	-	-
Fair values of derivative financial instruments	4.502.225	(3.715.195)	-	787.032
Provision for collective agreement wage differences	-	28.039.133	-	28.039.133
Other	-	2.616.605	-	2.616.605
Financial investment	-	2.800.584	-	2.800.584
Tax losses carried forward	696.718.215	(551.966.472)	-	144.751.738
Tax deduction for Investment incentive	-	437.009.483	-	437.009.483
Assets stemming from capital increase tax incentive	131.031.467	164.012.994	-	295.044.460
	<b>1.452.582.544</b>	<b>512.971.946</b>	<b>14.534.295</b>	<b>1.980.088.777</b>

<b>Deferred Tax Liabilities</b>				
Fair value measurements of Property, plant and equipment	(894.728.333)	222.568.553	(1.932.019.512)	(2.604.179.290)
Investment properties	(47.730.268)	(21.901.642)	-	(69.631.909)
Inventories	(21.361.887)	(160.436.961)	-	(181.798.840)
Property, plant and equipment and intangible assets	(654.830.660)	576.818.937	-	(78.011.722)
Other current assets	(78.575.851)	78.575.851	-	-
Cash and cash equivalents	-	(971.899)	-	(971.899)
Financial liabilities	-	(26.124.657)	-	(26.124.657)
Financial investment	(2.360.460)	2.360.460	-	-
Trade payables	(1.865.958)	(1.587.946)	-	(3.453.905)
Lease operations	(28.964.206)	1.167.418	-	(27.796.790)
	<b>(1.730.417.624)</b>	<b>670.468.112</b>	<b>(1.932.019.512)</b>	<b>(2.991.969.022)</b>
<b>Net Deferred Tax Assets/ (Liabilities)</b>	<b>(277.835.079)</b>	<b>1.183.440.051</b>	<b>(1.917.485.217)</b>	<b>(1.011.880.245)</b>

(Convenience translation of consolidated financial statements originally issued in Turkish)

**İZMİR DEMİR ÇELİK SANAYİ A.Ş. and ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 DECEMBER 2024**

Amounts are expressed on the basis of 31 December 2024 purchasing power of Turkish Lira, unless otherwise mentioned

Reconciliation of tax provision that is presented in the profit or loss statement is as follows.

<b>Reconciliation of tax provision</b>	<b>Tax rate</b>	<b>01.01.- 31.12.2024</b>	<b>Tax rate</b>	<b>01.01.- 31.12.2023</b>
Profit /(loss) before tax		(2.770.903.099)		972.824.944
Total tax income / (expense)		122.287.965		1.061.553.233
Tax on profit per statutory tax rate of the parent company	%25	692.725.775	%25	(243.206.235)
Non-deductible expenses		(126.540.907)		(186.145.733)
Tax exempt income		181.292.429		530.896.352
Discount on tax rate		(38.801.230)		9.704.778
Effect of change on corporation tax rate		-		156.181.972
Cancellation of retained earnings		(46.080.371)		(377.548.348)
Effect of capital increase tax incentive		163.040.943		39.695.569
Effect of income/expense not subject to deferred tax		(443.662.302)		1.624.876.242
Tax income based on investment incentive certificate		65.503.870		437.009.482
Non-capitalized current period financial loss effect		(577.519.888)		(531.839.754)
Effect of items not subject to deferred tax		(145.687.379)		-
Tax effect in discontinued operations		(54.127.098)		(45.780.490)
Other		452.144.123		(352.290.602)
<b>Total tax income</b>	<b>(%4,41)</b>	<b>122.287.965</b>	<b>%109,12</b>	<b>1.061.553.233</b>

Company and its subsidiaries have incurred financial losses carried forward and for which these losses can be used are as follows.

Period, tax losses occurred	Maturity of tax losses	31 December 2024		31 December 2023	
		Tax losses carried forward	booked as deferred tax asset	Tax losses carried forward	booked as deferred tax asset
2019	2024	-	-	599.557.475	-
2020	2025	184.321.483	-	266.121.093	266.121.093
2021	2026	191.263.218	191.263.218	276.143.484	276.143.484
2022	2027	-	-	-	-
2023	2028	1.498.905.532	25.448.601	2.164.101.392	36.742.377
2024	2029	2.716.943.676	406.864.123	-	-
<b>Total</b>		<b>4.591.433.909</b>	<b>623.575.942</b>	<b>3.305.923.444</b>	<b>579.006.954</b>

**İZMİR DEMİR ÇELİK SANAYİ A.Ş. and ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 DECEMBER 2024**

Amounts are expressed on the basis of 31 December 2024 purchasing power of Turkish Lira, unless otherwise mentioned

**28. NET MONETARY LOSSES (GAINS)**

**NON MONETARY ITEMS**

<b>A) Statement of financial position items</b>	<b>2.612.221.004</b>
Inventories	(170.973.529)
Prepaid Expenses	212.627.256
Financial Investments	4.373.402
Investment Properties	172.229.574
Property, Plant and Equipment	9.089.123.839
Right of use assets	27.771.973
Intangible Assets	917.591
Prepaid Expenses	(127.169.494)
Obligations arising from customer contracts	(36.648.653)
Deferred Income	(4.418.032)
Deferred Tax Liabilities	(21.528.697)
Paid-in Capital	(4.211.579.582)
Share premiums	(539.852.531)
Capital adjustments due to cross-ownership	54.464.517
Legal Reserves	(136.492.092)
Retained Earnings/(Losses)	1.551.320.186
Non-controlling Interests	(1.673.945.056)
<b>Other Accumulated Comprehensive Income/ Expense not to be Reclassified under Profit or Loss</b>	<b>(1.577.999.668)</b>
Losses/profit on revaluation of employee benefits	45.928.931
Fixed assets revaluation increase	(1.623.928.599)
<b>B) Statement of Profit or Loss items</b>	<b>1.699.057.036</b>
Revenue	(6.132.019.088)
Cost of Sales (-)	7.953.664.216
General Administrative Expenses (-)	62.917.076
Marketing Expenses (-)	20.178.525
Other Income from Operating Activities	(152.207.167)
Other Expenses from Operating Activities (-)	(29.332.966)
Income from Investing Activities	(104.512.000)
Expenses from Investing Activities (-)	28.918.525
Finance Income	(96.915.883)
Finance Expenses (-)	600.519.534
Deferred Tax Income	(289.500.421)
Discontinued operating profit (loss)	(162.653.315)
<b>NET MONETARY LOSSES (GAINS) (A+B)</b>	<b>4.311.278.040</b>

**İZMİR DEMİR ÇELİK SANAYİ A.Ş. and ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 DECEMBER 2024**

Amounts are expressed on the basis of 31 December 2024 purchasing power of Turkish Lira, unless otherwise mentioned

**29. EARNINGS PER SHARE**

Weighted average number of the company shares and calculated earnings per share are as follows

	<b>01.01.- 31.12.2024</b>	<b>01.01.- 31.12.2023</b>
Profit/loss for the period attributable to parent company	(2.141.778.111)	1.578.299.303
Weighted average number of ordinary shares	1.500.000.000	1.500.000.000
Shares bought back	(66.142.950)	(486.041)
Weighted average number of shares of the company in circulation	1.433.857.050	1.499.513.959
Earnings / (losses) per share TL	(1,4937)	1,0525
Earnings / (losses) per share	(%149,37)	105,25%

**30. EFFECTS OF CHANGES IN FOREIGN EXCHANGE RATES**

Analysis of changes in foreign exchange rates is depicted in note 33. Foreign exchange loss recorded on income statement for the current period is TL 2.642.186.503.

**31. DERIVATIVE INSTRUMENTS**

Derivative contracts based on forward-dated foreign exchange purchase/sale transactions have their market values determined by the banks that are parties to the contract on the balance sheet date. While determining this value, the fair value has been determined by using the buying or selling rates determined by the Central Bank of the Republic of Turkey, depending on the type of contract.

	<b>31 December 2024</b>	<b>31 December 2023</b>
Income accrual on derivative instruments	3.809.641	-
	<b>3.809.641</b>	<b>-</b>

  

	<b>31 December 2024</b>	<b>31 December 2023</b>
Expense accrual on derivative instruments	2.180.462	3.148.124
	<b>2.180.462</b>	<b>3.148.124</b>

Expense accrual on derivative instruments consists of fair value differences of option contracts and future contracts recognized in profit or loss statement.

**Forward exchange transactions**

The Group's business operations are exposed to financial risk due to changes in currency rate and interest rate basically. The Group utilizes derivative financial instruments (primarily currency exchange forward contracts) to avoid fair value risks.

Derivative financial instruments are calculated at fair value on contract date and recalculated at their fair value at next reporting date. The variations on market values are accounted in the profit or loss statement of relevant period. The Group does not adopt hedge accounting for derivative financial instruments.

(Convenience translation of consolidated financial statements originally issued in Turkish)

**İZMİR DEMİR ÇELİK SANAYİ A.Ş. and ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 DECEMBER 2024**

Amounts are expressed on the basis of 31 December 2024 purchasing power of Turkish Lira, unless otherwise mentioned

<b>31 December 2024</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Derivative instruments	-	1.629.179	-

**32. FINANCIAL INSTRUMENTS**

<b>Financial assets</b>	<b>31 December 2024</b>	<b>31 December 2023</b>
Cash and cash equivalents	3.442.899.664	2.029.095.474
Trade receivables	1.854.905.969	1.418.409.497
Financial investments	1.453.746.594	436.179.169
<b>Financial liabilities</b>		
Financial liabilities	21.623.786.706	18.500.276.474
Trade payables	671.331.562	1.075.516.593

<b>Financial Borrowings</b>	<b>31 December 2023</b>	<b>31 December 2022</b>
Short term borrowings	5.112.683.678	4.214.172.372
Letter of credit borrowings	13.244.387.052	9.118.864.334
Lease contracts	37.064.067	51.174.212
	<b>18.394.134.797</b>	<b>13.384.210.918</b>
Short term portion of long term borrowings	908.616.696	1.508.999.054
<b>Total short term financial borrowings</b>	<b>19.302.751.493</b>	<b>14.893.209.972</b>
Long term borrowings	2.252.211.849	3.489.678.516
Lease contracts	68.823.364	117.387.986
<b>Total long term financial borrowings</b>	<b>2.321.035.213</b>	<b>3.607.066.502</b>
<b>Total financial borrowings</b>	<b>21.623.786.706</b>	<b>18.500.276.474</b>

Breakdown of short term and long term financial borrowings with respect to currency are as follows

**31 December 2024**

<b>Currency</b>	<b>Short term</b>	<b>Long term</b>	<b>Total</b>	<b>TL equivalent</b>
USD	481.425.899	62.782.314	544.208.212	19.234.386.213
EURO	43.262.834	711.084	43.973.917	1.618.345.690
TL	695.154.702	75.900.100	771.054.803	771.054.803
				<b>21.623.786.706</b>

**31 December 2023**

<b>Currency</b>	<b>Short term</b>	<b>Long term</b>	<b>Total</b>	<b>TL equivalent</b>
USD	300.090.237	79.990.891	380.081.128	16.203.604.605
EURO	804.329	1.509.733	2.314.062	109.025.993
TL	2.057.656.051	129.989.826	1.515.212.974	2.187.645.876
				<b>18.500.276.474</b>

(Convenience translation of consolidated financial statements originally issued in Turkish)

**İZMİR DEMİR ÇELİK SANAYİ A.Ş. and ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 DECEMBER 2024**

Amounts are expressed on the basis of 31 December 2024 purchasing power of Turkish Lira, unless otherwise mentioned

All loans of the Group are secured loans.

The contractual interest rates at the statement of financial position date are as follows.

<b>Short term</b>	<b>31 December 2024</b>	<b>31 December 2023</b>
USD borrowings	%5,75- % 8,94	%7,50 - % 10
EURO borrowings	%6,40-%8	%3,75-%3,85
TL borrowings	%44 - % 45	%25 - % 55- TLREF+4
<b>Long term</b>	<b>31 December 2024</b>	<b>31 December 2023</b>
USD borrowings	%6,75-%10,56- SOFR+5- libor+4,50	%3,77-%10,80-%SOFR+5- libor+6,35
EURO borrowings	%3,75-%3,85	%3,75-%3,85
TL borrowings	TL REF+2% - TL REF+3%	TL REF+4%

As of the statement of financial position date, repayment plans of total borrowings are as follows.

	<b>31 December 2024</b>	<b>31 December 2023</b>
2024	-	14.893.209.973
2025	19.302.752.783	1.060.266.583
2026	781.990.333	864.789.086
2027	527.817.722	580.336.742
2028 and beyond	1.011.225.868	1.101.674.090
	<b>21.623.786.706</b>	<b>18.500.276.474</b>

**İZMİR DEMİR ÇELİK SANAYİ A.Ş. and ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 DECEMBER 2024**

Amounts are expressed on the basis of 31 December 2024 purchasing power of Turkish Lira, unless otherwise mentioned

**33. NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS**

**Credit risk**

Registered values of financial assets show the maximum credit risk exposed. Maximum credit risk exposed as of the reporting date is as follows.

Current Period 31 December 2024	Receivables				Bank Deposits	Derivate Instruments	Other
	Trade Receivables		Other Receivables				
	Related Party	Other Party	Related Party	Other Party			
Exposure to maximum credit risk as of reporting date (A+B+C+D) (*)	9.181.160	1.845.724.809	69.601.619	16.195.314	3.442.094.049	3.809.641	1.453.746.594
- The secured part of maximum credit risk	-	-	-	-	-	-	-
A. Net book value of financial assets that are neither impaired nor overdue	5.554.576	1.670.112.623	69.601.619	16.195.314	3.442.094.049	3.809.641	1.453.746.594
B. Net book value of impaired assets	3.626.584	232.190.949	-	-	-	-	-
C. Net book values of the impaired assets	-	-	-	-	-	-	-
- Overdue (gross book value)	-	47.748.642	-	-	-	-	-
- Impairment (-)	-	(47.748.642)	-	-	-	-	-
- Secured part of the net value	-	-	-	-	-	-	-
- Not past due (gross book value)	-	-	-	-	-	-	-
- Impairment (-)	-	-	-	-	-	-	-
- Secured part of the net value	-	-	-	-	-	-	-
D. Off-balance sheet items with credit risk	-	-	-	-	-	-	-

Current Period 31 December 2023	Receivables				Bank Deposits	Derivate Instruments	Other
	Trade Receivables		Other Receivables				
	Related Party	Other Party	Related Party	Other Party			
Exposure to maximum credit risk as of reporting date (A+B+C+D) (*)	4.524.805	1.413.884.692	57.042.580	58.449.678	2.028.369.452	-	436.179.169
- The secured part of maximum credit risk	-	-	-	-	-	-	-
A. Net book value of financial assets that are neither impaired nor overdue	4.524.805	981.510.280	57.042.580	58.449.678	2.028.369.452	-	436.179.169
B. Net book value of impaired assets	-	432.374.412	-	-	-	-	-
C. Net book values of the impaired assets	-	-	-	-	-	-	-
- Overdue (gross book value)	-	51.314.042	-	-	-	-	-
- Impairment (-)	-	(51.314.042)	-	-	-	-	-
- Secured part of the net value	-	-	-	-	-	-	-
- Not past due (gross book value)	-	-	-	-	-	-	-
- Impairment (-)	-	-	-	-	-	-	-
- Secured part of the net value	-	-	-	-	-	-	-
D. Off-balance sheet items with credit risk	-	-	-	-	-	-	-

(\*) Items that enhance the loan security such as collaterals were not taken into consideration in determining the amount.

**İZMİR DEMİR ÇELİK SANAYİ A.Ş. and ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 DECEMBER 2024**

Amounts are expressed on the basis of 31 December 2024 purchasing power of Turkish Lira, unless otherwise mentioned

Credit risk is the risk that a customer or counterparty will not fulfill its contractual obligations and is largely due to customer receivables.

The Group's exposure to credit risk is affected by the characteristics of each customer. The demographic structure of the Group's customer base has an impact on credit risk, including the default risk posed by the industry and country in which the customer operates. The Group operates in the iron and steel, port and energy sectors, and the geographical credit risk concentration of the Group companies is Türkiye.

Within the scope of the credit policy determined by the companies operating in these sectors, the creditworthiness of each new customer is individually analyzed before the proposal is presented regarding the standard payment, delivery periods and conditions of each company.

The Group sets aside a provision for impairment in order to show the estimated expense losses incurred for the receivables portfolio.

The aging details of receivables of the Group overdue however not impaired are as follows with their due dates.

Current Period 31 December 2024	Receivables		Bank Deposits	Derivate Instruments	Other
	Trade Receivables	Other Receivables			
Past due 1-30 days	56.578.763	-	-	-	-
Past due 1-3 moths	104.565.564	-	-	-	-
Past due 3-12 months	4.340.941	-	-	-	-
Past due 1-5 years	70.332.265	-	-	-	-
Past due 5 years or more	-	-	-	-	-
	<b>235.817.533</b>	-	-	-	-

The majority of overdue receivables are from long-standing customers of the Group. When the past payment performance of these customers was evaluated by the management, it was concluded that the risk of uncollection of overdue receivables was low.

Current Period 31 December 2023	Receivables		Bank Deposits	Derivate Instruments	Other
	Trade Receivables	Other Receivables			
Past due 1-30 days	54.875.626	-	-	-	-
Past due 1-3 moths	177.325.427	-	-	-	-
Past due 3-12 months	199.995.484	-	-	-	-
Past due 1-5 years	177.875	-	-	-	-
Past due 5 years or more	-	-	-	-	-
	<b>432.374.412</b>	-	-	-	-

(Convenience translation of consolidated financial statements originally issued in Turkish)

**İZMİR DEMİR ÇELİK SANAYİ A.Ş. and ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 DECEMBER 2024**

Amounts are expressed on the basis of 31 December 2024 purchasing power of Turkish Lira, unless otherwise mentioned

**Foreign Currency Risk**

The Group's foreign currency position arises from foreign currency denominated assets and liabilities as indicated in the table below.

	Current Period 31 December 2024				Prior Period 31 December 2023			
	TL Equivalent (Functional currency)	USD	Euro	Other (TL Equivalent)	TL Equivalent (Functional currency)	USD	Euro	Other (TL Equivalent)
1. Trade receivables	976.200.240	27.581.663	3.955	2.965.596	976.200.240	16.857.966	624.110	-
2a. Monetary financial assets	599.211.897	11.587.188	1.990.172	117.301.079	599.211.897	38.925.061	1.194.520	13.980.370
2b. Non-monetary financial assets	-	-	-	-	-	-	-	-
3. Other	116.443	3.301	-	-	116.443	4.873	-	-
<b>4. Current Assets (1+2+3)</b>	<b>1.575.528.580</b>	<b>39.172.151</b>	<b>1.994.127</b>	<b>120.266.675</b>	<b>1.575.528.580</b>	<b>55.787.900</b>	<b>1.818.630</b>	<b>13.980.370</b>
5. Trade receivables	-	-	-	-	-	-	-	-
6a. Monetary financial assets	610.202	6.285	-	388.472	610.202	163.758	-	348.792
6b. Non-monetary financial assets	-	-	-	-	-	-	-	-
7. Other	-	-	-	-	-	-	-	-
<b>8. Non-Current Assets (5+6+7)</b>	<b>610.202</b>	<b>6.285</b>	<b>-</b>	<b>388.472</b>	<b>610.202</b>	<b>163.758</b>	<b>-</b>	<b>348.792</b>
<b>9. Total Assets (4+8)</b>	<b>1.576.138.782</b>	<b>39.178.436</b>	<b>1.994.127</b>	<b>120.655.148</b>	<b>1.576.138.782</b>	<b>55.951.658</b>	<b>1.818.630</b>	<b>14.329.162</b>
10. Trade payables	225.355.419	5.042.678	1.278.407	79.565	225.355.419	6.978.049	7.784.714	104.682
11. Financial liabilities	18.607.596.803	481.425.899	43.262.834	-	18.607.596.803	300.090.238	804.329	-
12a. Monetary other liabilities	1.585.043	10.114	33.356	-	1.585.043	27.980	38.023	-
12b. Non-monetary other liabilities	-	-	-	-	-	-	-	-
<b>13. Short Term Liabilities (10+11+12)</b>	<b>18.834.537.265</b>	<b>486.478.691</b>	<b>44.574.597</b>	<b>79.565</b>	<b>18.834.537.265</b>	<b>307.096.267</b>	<b>8.627.066</b>	<b>104.682</b>
14. Trade payables	-	-	-	-	-	-	-	-
15. Financial liabilities	2.245.135.107	62.782.314	711.083	-	2.245.135.107	79.990.891	1.509.734	-
16a. Monetary other liabilities	-	-	-	-	-	-	-	-
16b. Non-monetary other liabilities	-	-	-	-	-	-	-	-
<b>17. Long Term Liabilities (14+15+16)</b>	<b>2.245.135.107</b>	<b>62.782.314</b>	<b>711.083</b>	<b>-</b>	<b>2.245.135.107</b>	<b>79.990.891</b>	<b>1.509.734</b>	<b>-</b>
<b>18. Total Liabilities (13+17)</b>	<b>21.079.672.372</b>	<b>549.261.004</b>	<b>45.285.680</b>	<b>79.565</b>	<b>21.079.672.372</b>	<b>387.087.158</b>	<b>10.136.800</b>	<b>104.682</b>
19. Net asset/(liability) position of off-balance sheet derivative instruments (19a-19b)	(442.115.000)	(12.500.000)	-	-	(442.115.000)	5.000.000	-	-
19a. Off-balance sheet foreign currency derivative assets	176.401.500	5.000.000	-	-	176.401.500	5.000.000	-	-
19b. Off-balance sheet foreign currency derivative liabilities	618.516.500	17.500.000	-	-	618.516.500	-	-	-
<b>20. Net Foreign Currency Asset/(Liability) Position (9-18+19)</b>	<b>(19.945.648.590)</b>	<b>(522.582.568)</b>	<b>(43.291.553)</b>	<b>120.575.583</b>	<b>(19.945.648.590)</b>	<b>(326.135.500)</b>	<b>(8.318.170)</b>	<b>14.224.480</b>
21. Net foreign currency asset / (liability) position of monetary items (IFRS 7.B23) (=1+2a+5+6a-10-11-12a-14-15-16a)	(19.503.533.590)	(510.082.568)	(43.291.553)	120.575.583	(19.503.533.590)	(331.135.500)	(8.318.170)	14.224.480
22. Fair value of financial instruments used in foreign currency hedges	-	-	-	-	-	-	-	-
23. Hedged foreign currency assets	-	-	-	-	-	-	-	-

**İZMİR DEMİR ÇELİK SANAYİ A.Ş. and ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 DECEMBER 2024**

Amounts are expressed on the basis of 31 December 2024 purchasing power of Turkish Lira, unless otherwise mentioned

**Foreign currency risk sensitivity analysis**

In case of a fluctuation by 10% in TL against foreign currencies as shown below, the profit or loss statement is expected to be affected as below. While making the analysis, all other variables are assumed to remain unchanged.

<b>Foreign Currency Risk Sensitivity Analysis</b>				
<b>Current Period</b> <b>31 December 2024</b>	<b>Profit / Loss</b>		<b>Equity</b>	
	Appreciation of foreign currency	Devaluation of foreign currency		Appreciation of foreign currency
Change in the USD against TL by 10 % :				
1- Net asset / liability of USD	(1.803.074.411)	1.803.074.411	-	-
2- USD risk hedged (-)	(44.179.750)	44.179.750	-	-
<b>3- USD net effect (1+2)</b>	<b>(1.847.254.161)</b>	<b>1.847.254.161</b>	-	-
Change in the EUR against TL by 10 % :				
4- Net asset / liability of EURO	(159.336.506)	159.336.506	-	-
5- EUR risk hedged (-)	-	-	-	-
<b>6- EUR net effect (4+5)</b>	<b>(159.336.506)</b>	<b>159.336.506</b>	-	-
Change in the other foreign currencies against TL by 10 %				
7- Net asset / liability of other currency	12.057.558	(12.057.558)	-	-
8- Other currency risk hedged (-)	-	-	-	-
<b>9- Other currencies net effect (7+8)</b>	<b>12.057.558</b>	<b>(12.057.558)</b>	-	-
<b>TOTAL (3+6+9)</b>	<b>(1.994.533.109)</b>	<b>1.994.533.109</b>	-	-

<b>Foreign Currency Risk Sensitivity Analysis</b>				
<b>Current Period</b> <b>31 December 2023</b>	<b>Profit / Loss</b>		<b>Equity</b>	
	Appreciation of foreign currency	Devaluation of foreign currency		Appreciation of foreign currency
Change in the USD against TL by 10 % :				
1- Net asset / liability of USD	(976.858.738)	976.858.738	-	-
2- USD risk hedged (-)	14.745.650	(14.745.650)	-	-
<b>3- USD net effect (1+2)</b>	<b>(962.113.088)</b>	<b>962.113.088</b>	-	-
Change in the EUR against TL by 10 % :				
4- Net asset / liability of EURO	(27.155.026)	27.155.026	-	-
5- EUR risk hedged (-)	-	-	-	-
<b>6- EUR net effect (4+5)</b>	<b>(27.155.026)</b>	<b>27.155.026</b>	-	-
Change in the other foreign currencies against TL by 10 %				
7- Net asset / liability of other currency	1.422.448	(1.422.448)	-	-
8- Other currency risk hedged (-)	-	-	-	-
<b>9- Other currencies net effect (7+8)</b>	<b>1.422.448</b>	<b>(1.422.448)</b>	-	-
<b>TOTAL (3+6+9)</b>	<b>(987.845.666)</b>	<b>987.845.666</b>	-	-

**İZMİR DEMİR ÇELİK SANAYİ A.Ş. and ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 DECEMBER 2024**

Amounts are expressed on the basis of 31 December 2024 purchasing power of Turkish Lira, unless otherwise mentioned

**Interest rate sensitivity**

<b>Interest Position Table</b>			
		<b>Current Period</b>	<b>Prior Period</b>
<b>Financial instruments with fixed interest rate</b>			
Financial Assets	Fair value through profit or loss assets	-	-
	Available for sale assets	-	-
Financial Liabilities		20.686.935.928	16.823.430.329
<b>Financial instruments with floating interest rate</b>			
Financial Assets			-
Financial Liabilities		936.850.778	1.676.846.146

If annual interest rate on bank loans received as of the end of period was higher/lower by 100 basis point (1%) with all other variables remain constant, the profit before tax and non-controlling interest would be lower/higher by TL 75.743.154.

The Group's financial liabilities expose the Group to interest rate risk. The Group's financial liabilities mainly consist of borrowings with floating rate. The Group attempts to acquire loans with lower interest rate to minimize interest rate risk.

**Liquidity Risk**

Liquidity risk is the probability of the Group defaulting on its liabilities. Occurrence of events like deteriorations in markets or decrease in credit score that causes decreases in fund resources bring about liquidity risk. The Group management manages liquidity risk by distributing the funds and by keeping sufficient cash and cash equivalents resources to cover the current and possible liabilities.

Funding risk of the current and future liabilities is managed by providing sustainability of the access to sufficient high-quality creditors and the sustainability of the sufficient cash flows obtained from operating activities. In order to ensure continuous liquidity the Group management, closely follows up the timely collection of receivables, allocates high intensity focus to prevent any financial burden sourcing from late collections and determines cash and non-cash credit limits to be activated in case of need by the Group. Besides, Group's liquidity management policy consists to prepare cash flow projections, follow up and evaluate actual liquidity rates by comparing to budgeted ratios.

(Convenience translation of consolidated financial statements originally issued in Turkish)

**İZMİR DEMİR ÇELİK SANAYİ A.Ş. and ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 DECEMBER 2024**

Amounts are expressed on the basis of 31 December 2024 purchasing power of Turkish Lira, unless otherwise mentioned

The Group's liquidity risk table is as follows.

<b>Current period</b>		<b>Total contractual cash outflows (=I+II+III+IV)</b>		<b>Between 3 – 12 months (II)</b>	<b>Between 1- 5 Year (III)</b>	<b>More than 5 Years (IV)</b>
<b>Contractual maturities</b>	<b>Carrying Amount</b>		<b>Less than 3 months (I)</b>			
<b>Non-derivative Financial Liabilities</b>						
Bank borrowings	21.517.899.275	22.643.909.109	6.062.193.062	13.755.647.559	2.622.536.592	203.531.896
Right of use obligation	105.887.431	199.069.122	13.841.665	38.933.916	61.393.000	84.900.541
Trade payables	671.331.562	687.633.141	687.633.141	-	-	-
Other payables *	13.216.494	13.216.494	13.216.494			
Other current liabilities *	100.015.190	100.015.190	100.015.190	-	-	-

<b>Prior period</b>		<b>Total contractual cash outflows (=I+II+III+IV)</b>		<b>Between 3 – 12 months (II)</b>	<b>Between 1- 5 Year (III)</b>	<b>More than 5 Years (IV)</b>
<b>Contractual maturities</b>	<b>Carrying Amount</b>		<b>Less than 3 months (I)</b>			
<b>Non-derivative Financial Liabilities</b>						
Bank borrowings	13.998.026.734	14.255.646.467	3.420.403.904	9.622.733.984	1.212.508.580	13.998.026.734
Right of use obligation	109.181.918	166.681.008	4.024.515	18.832.680	60.933.244	82.890.568
Trade payables	324.924.408	327.565.280	327.565.280	-	-	-
Other payables *	4.243.064	4.243.064	4.243.064	-	-	-
Other current liabilities *	315.933.198	315.933.198	315.933.198			

**İZMİR DEMİR ÇELİK SANAYİ A.Ş. and ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 DECEMBER 2024**

Amounts are expressed on the basis of 31 December 2024 purchasing power of Turkish Lira, unless otherwise mentioned

**Capital risk management**

In capital management, the Group aims to enhance profitability while keeping a reasonable leverage and sustainability in its operations.

The group's goals in managing capital are to provide returns and benefits to its partners and to ensure the continuation of the group's activities with the most appropriate capital structure in order to reduce the cost of capital.

The group monitors capital using the debt/total resource ratio. This ratio is found by dividing net debt by total resources. Net debt is calculated by deducting cash and cash equivalents from the total debt amount. The total debt amount includes loans and financial lease debts as shown in the statement of financial position. Total resources are calculated by adding equity and net debt as shown in the statement of financial position.

The net debt / total equity ratio is as follows.

	<b>31 December 2024</b>	<b>31 December 2023</b>
Total debt	21.623.786.706	18.500.276.475
Less: Cash and cash equivalents	3.442.899.664	2.029.095.474
Net debt	18.180.887.042	16.471.181.001
Total shareholders' equity	19.804.136.208	26.221.129.732
Total equity	37.985.023.250	42.692.310.733
Net debt/Total equity ratio	% 48	% 39

In the profitability projections created by the group, it is anticipated that pre-tax profit will be provided in the coming years and that positive cash flow will be provided from operational activities in future cash flows. Considering these two indicators, the group believes that it will cover the net working capital deficit with positive cash flow from operational activities.

**34. FINANCIAL INSTRUMENTS (FAIR VALUE AND FINANCIAL RISK MANAGEMENT DISCLOSURES)**

“IFRS 7 – Financial Instruments: Disclosure” requires the Companies to disclose the classification and hierarchy of the data used in determining the fair values of the financial assets. The basis for the hierarchy is dependent on the conformity of the data used in fair value calculation. The independency of the source of the data, the assumptions used in calculation of the fair value effects the level of hierarchy.

In the following table, the valuation methodologies of financial instruments made valuation with their fair values are presented. They are described in terms of their levels as follows.

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly;

Level 3: inputs for the asset or liability that are not based on observable market (unobservable inputs).

(Convenience translation of consolidated financial statements originally issued in Turkish)

**İZMİR DEMİR ÇELİK SANAYİ A.Ş. and ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 DECEMBER 2024**

Amounts are expressed on the basis of 31 December 2024 purchasing power of Turkish Lira, unless otherwise mentioned

**31 December 2024**

<b>Financial assets</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Forward contracts	-	3.809.641	-
	-	<b>3.809.641</b>	-

**31 December 2023**

<b>Financial assets</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Forward contracts	-	3.710.357	-
	-	<b>3.710.357</b>	-

**35. NON-CONTROLLING INTERESTS**

Information regarding non-controlling interests in the group's subsidiaries as of 31 December 2024 is as follows.

**31 December 2024**

<b>Financial Assets</b>	<b>İzdemir Enerji</b>
Percentage of non-controlling interests	%37,48
Current Assets	2.284.921.345
Non-Current Assets	10.844.835.088
Current Liabilities	(298.235.454)
Non-current Liabilities	(432.203.760)
Net assets	12.399.317.219
Carrying value of non-controlling interests	4.521.281.334
Revenue	7.268.207.463
Profit or Loss	(928.780.084)
Other comprehensive Income	(1.041.809.645)
Total comprehensive Income	(1.970.589.729)
Profit allocated to non-controlling interests	(290.328.630)
Other comprehensive income allocated to non-controlling interests	(587.042.190)

**İZMİR DEMİR ÇELİK SANAYİ A.Ş. and ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 DECEMBER 2024**

Amounts are expressed on the basis of 31 December 2024 purchasing power of Turkish Lira, unless otherwise mentioned

**31 December 2023**

<b>Financial Assets</b>	<b>İzdemir Enerji</b>
Percentage of non-controlling interests	%28,49
Current Assets	2.839.181.936
Non-Current Assets	12.376.538.064
Current Liabilities	(228.106.301)
Non-current Liabilities	(617.706.751)
Net assets	14.369.906.948
Carrying value of non-controlling interests	4.061.830.574
Revenue	10.881.804.533
Profit or Loss	1.579.036.456
Other comprehensive Income	1.368.837.227
Total comprehensive Income	2.947.873.683
Profit allocated to non-controlling interests	456.078.874
Other comprehensive income allocated to non-controlling interests	526.342.985

**36. SUBSEQUENT EVENTS**

None.

**37. DISCLOSURES RELATED TO STATEMENT OF CASH FLOW**

The group's cash flow obtained from operating activities amounted to TL (1.866.932.689 TL (Prior period: 84.417.283)). Cash used in investing activities amounted to TL 1.463.596.156 TL (Prior period: 8.070.230.070 TL). Cash obtained/used in financing activities amounted to TL 5.695.764.564 TL (Prior period: 8.181.618.290)

Reconciliation of cash flows from financing activities with movements of financial liabilities:

	31.December 2023	Cash movements		Non cash movements		31.December 2024
		Inflows	Outflows	Other	Monetary gain/(loss)	
Borrowings	18.500.276.474	20.414.746.372	(13.428.001.520)	2.044.431.697	(5.907.666.320)	21.623.786.706

**38. DISCLOSURES RELATED TO STATEMENT OF CHANGES IN EQUITY**

The Group's total equity amounted to TL 19.804.136.203 (31 December 2023: TL 26.221.129.732), which is the sum of TL 15.282.854.869 TL (31 December 2023: TL 22.159.299.158) and 4.521.281.334 TL (31 December 2023: TL 4.061.830.574) stands for equity attributable to owners of the company and non-controlling interests respectively.